

# CREDIT

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## MONTHLY

January, 1930  
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The Air Mail Tempo—An Interview with the Postmaster General (Page 5)

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NEW YORK

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Bonds and Other Securities . . . . .	20,738,366.51
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### LIABILITIES

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Official Checks . . . . .	<u>76,948,444.28</u>	\$660,372,543.58
Acceptances (including Acceptances to Create Dollar Exchange) . . . . .		64,275,685.36
Discount Collected but not Earned . . . . .		1,598,967.35
Reserve for Taxes, Interest, etc. . . . .		3,992,200.53
Dividend payable January 2, 1930 . . . . .		2,000,000.00
Capital Stock . . . . .	\$50,000,000.00	
Surplus and Undivided Profits . . . . .	<u>83,740,994.46</u>	133,740,994.46
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## To the Editor:—

### Co-ordination of Sales and Credits

I have been very much impressed with the information contained in your magazine and compliment you on the fact that the Magazine not only deals with credit problems, but also sales problems.

There is too much of a division between sales and credit, particularly in a business with numerous customers with limited financial responsibility.

Customers of this kind must have sound credit information given to them by the sales organization.

Customers who discount their invoices at due dates are a joy to the credit end of the business, but it is the weak individual finan-

cially who has to have help and also has to be shown that he should confine his activities so that his purchases do not exceed his credit limit.

F. W. DOWS,  
Hajoca Corporation

Philadelphia.

### The Credit Manager's Duty

It seems to me that there are certain fundamental abilities which every Credit Manager must possess.

The Credit Manager must have a good working knowledge of the fundamental principles of economics.

He must know how to collect data about customers, and must be able to use his findings to determine his policy of credit extension.

He must be able to handle collections. He must understand the technique of ad-

justments and of bankruptcy procedure. He should be able to detect credit fraud.

One of the most important duties of the Credit Manager is assisting his customers in the conduct of their business. He should be in constant contact with his accounts and should know their strong and weak points thoroughly. The customer can come to him for good advice on Collections, Adjustments, Credits, Capital strength, and even advice on the conduct of his personal affairs.

Business service goes farther than just the essential service that any business must give his customer. Its aim is to make the customer a better business man.

Business Service is more readily handled through the Credit Department, because this department has on hand complete information about a customer.

E. R. SMITH,  
Jackson City Bank and Trust Co.  
Jackson.

### Likes "Personal Opinions"

I like the improved form of your editorials under the caption, "Personal Opinions".

Keep up the good work.

New York. M. B. E.

### Getting It Wrong

Having lately had some difficult decisions to make in my credit work, I felt sympathy for the Archduke mentioned recently in a newspaper obituary article about the crusty old General Anton von Galtolitz.

It seems that the Archduke Leopold Ferdinand was not remarkable for intelligence. One field day at Przemsyl he was given a military problem to solve. At the subsequent pow-wow, General von Galtolitz said dryly:

"There were two possible solutions to the task set, Your Imperial Highness, in today's maneuvers. Imperial Highness has chosen the third."

W. G.  
New York.

### "Good, Sound Business Judgment"

Our Credit Manager, Mr. Johnson, one of your subscribers, has called our attention to the story Mr. Klippel tells concerning his administration of the credit activities of the Van Camp Hardware and Iron Company.

The account is permeated with such good, sound business judgment that the undersigned desires a copy for his permanent files.

W. J. WATSON  
A. Harvey's Sons Mfg. Co.  
Detroit

### Blooming Cotton

In the November CREDIT MONTHLY you print a picture of a cotton field, ready for the harvest, with the title "A Texas Cotton Field in Bloom." If you saw a tree full of ripe apples, would you say the tree was in bloom?

T. F. G.  
Springfield, Mo.

### Invaluable in Credit Work

We want to take this opportunity to add just a note of appreciation for the many worthwhile articles appearing in your magazine. We have been subscribers to it for a good many years, and while it was originally very valuable and contained many interesting articles, we believe that the nature of the information it has contained during the past year or two is not obtainable from any other source and is invaluable in credit work.

H. P. McLEAN,  
The De Free Company  
Holland, Mich.

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CREDIT MONTHLY



## THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

**CREDIT**  
MONTHLY

ONE PARK AVENUE, NEW YORK

RODMAN GILDER, Editor

THE NEW HEADING shown above and on the cover of this issue is the result of a search for a new, thoroughly modern and vigorous typographical design. The type used is called *Bijur*, and is the most recent creation of the celebrated French poster artist and designer, Mouron Cassandre, whose work for railroads, department stores and manufacturing concerns is conspicuous throughout Europe.

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CREDIT  
MONTHLY  
Jan., 1930

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Vol.  
XXXII  
No. 1

# PERSONAL OPINIONS

## In the World Court at Last

FAVORABLE ACTION by the United Senate is all that is necessary to bring about the entry of the United States into the Permanent Court of International Justice. On December 9, 1929, a representative of the executive branch of our government signed in Geneva the three protocols involved in American entry into the Court. How early in 1930 the President will find it expedient to submit this weighty matter to the Senate is not yet known.

Thus we approach the culmination of an American proposal made in 1899—that of a World Court in which this country should participate. The last six presidents of the United States favored the plan. Both major political parties, in their 1924 platforms, approved it.

The American statesmen, the publicists, the organization members who have labored patiently through all these years to create this great mechanism of world peace may have been at times wearied and exasperated by their country's slowness in reaching this decision.

Yet marrying in haste and repenting at leisure has never been a sound policy in *personal* affairs. We may congratulate ourselves that we have weighed deliberately the immensely important *national* problem of participation in the World Court. At last a decision has been reached that commends itself to the common sense of the Nation as a whole.

## The Value of Talk

GREAT LEADERS are usually great talkers. This observation was made recently by Lloyd George, himself no sphinx.

Assuming that this is true, the reason may be that a real leader must think clearly and necessarily *tell* his followers what to think and what to do. How much could a Napoleon, a Lincoln, a Roosevelt have accomplished if he had been tongue-tied?

Next to straight thinking comes clear, forceful and winning talk. Fortunately talking is an art that may be learned even by those who are no longer young, even by the busiest of men.

## A New Statute for "False Swearing"

PERJURY in most states is a felony but, as all the world of credit knows, it is difficult to get a conviction for this crime.

Joab H. Banton in *The Panel* suggests that the New York State Legislature *create a new crime*, so to speak, that of false swearing, which would be a misdemeanor. In false swearing, the testimony need not be material, whereas in perjury (a felony), the testimony must be material.

If the bill embodying District Attorney Banton's proposal is enacted, we believe its value will be very soon apparent.

The proposed bill, which would add a section to the Penal Law of the State of New York, reads:

"§1620-a. False swearing. A person who, in any action or proceeding, or upon any hearing, inquiry, or other occasion specified in the preceding section, wilfully and knowingly testifies, declares, deposes, or certifies falsely in regard to any matter, or states in his testimony, declaration, deposition, affidavit, or certificate, any

matter to be true which he knows to be false, is guilty of a misdemeanor, namely, of false swearing."

## Instalments

AUTOMOBILES, RADIO SETS, household machinery and a thousand other articles are paid for by instalments. Countless loans are liquidated by periodic payments. These are commonplaces of modern business.

An unusual example of the instalment principle comes to light in an Associated Press report of a Massachusetts judge's sentence.

A man who had put out a boy's eye with an air rifle was directed by the Court to make weekly payments to the victim for five years, and to report again in 1934 to the Presiding Judge. At that time it will be determined whether the total compensation has been sufficient.

## To Diminish Office Noise

THE FINANCIAL EXECUTIVE is often responsible for the smooth and economical operation of a large office force. One such man calls our attention to these recommendations of Health Commissioner Wynne of New York City for the protection of office workers from noise:

1—Make the fullest use of sound-absorbing partitions and screens both to dull the office-caused noise and to absorb street noises.

2—Put noisy machines where they can least disturb every one concerned and make full use of mats to absorb vibration and of screens and partitions to absorb sound.

3—Speak directly into the 'phone. There is no need then of speaking so loudly that others in the office have to hear your conversation.

Just as the Nation is rousing itself for a real battle against noise, the enemy finds a new point of attack. It appears that the clinking of jewelry—diamond necklaces, crystal earrings, etc.—is so great a menace to the "talkies" that it has become necessary to devise sound-proof jewelry for the actresses of the audible motion pictures.

## The Cabinet Portraits in the Credit Monthly

SHORTLY BEFORE HIS DEATH, Secretary of War James W. Good wrote to the author of the CREDIT MONTHLY's series of interviews of Cabinet Officers, "I thank you for the very happy way you have presented the matter of my relations with the War Department."

An interview by Mr. McCall with the Postmaster General, in this issue of the magazine, is the latest of the series, the first of which was an interview, in June, 1928, with Secretary of Commerce Herbert Hoover. In intervening months have appeared other journalistic portraits of Secretaries Adams, Davis, Hyde, Lamont, Mellon and Wilbur.

*Rodman Fielder*

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## The Air Mail Tempo and Post Office Re-organization

An interview by Chester H. McCall with

*Postmaster General Walter F. Brown*



**W**ALTER F. BROWN, straight-thinking Postmaster General of the United States, told me

two fish stories when I interviewed him in his work-filled office in Washington. But they weren't just fish stories—they were pertinent illustrations elucidating significant business principles.

Chauncey M. Depew once said, "If you must tell a story—tell a good one." Both of Walter Brown's fish stories are good ones, but the better of the two is not told first. It will come later.

"Have you heard the story of the old negro who bought fish at ten cents each and sold them for five cents each?" Mr. Brown said. "Well, when the old negro was asked

how he could buy fish at ten cents each and sell them at five cents apiece, he answered, 'Oh, I sell a great many fish.' It seems that this method of reasoning has been applied to the business of the United States Post Office Department. It has been selling too many ten cent fish at five cents a piece.

"Two illustrations: You will remember that sometime ago the air mail rate was reduced from ten cents to five cents an ounce. Ostensibly, this was done to increase air mail business through a price cut. It is a fundamental economic principle that lowered prices increase volume. The entire air mail situation from a business angle is a farce. The government pays over eight dollars a pound for letter mail sent from coast to coast and receives eighty cents for it. That alone is a loss of over seven dollars a pound on air mail. There

are many other discrepancies in the air mail system that are utterly opposed to sound business principles. Three dollars a pound is paid from New York to Boston, three dollars from Chicago to San Francisco and seventy-eight cents from Chicago to Atlanta. Every time the government, under its present plan sells a five cent air mail stamp it is selling a ten cent fish at five cents."

That was the way the Postmaster General introduced me to the problems of the Post Office Department, when I first talked with him early in the summer of 1929. I told the Postmaster General that I wanted to get for the CREDIT MONTHLY the story of his re-organization plan for the Post Office system, with particular emphasis on the methods and procedures used to put the Post Office Department on a business basis.

"I prefer to tell you what *has been*

JANUARY, 1930



## "Neither snow nor rain nor heat nor gloom of night stays these

done when the Post Office re-organization is actually under way, instead of telling you now what is *planned to be done*," he answered. "Along about the first of the year when there is concrete progress to show for our efforts I will be glad to talk to you on the plans I now have in mind. I will spare nothing. If some plan I have now accepted fails, I will tell you about it, as well as about the plans that have proved successful."

"But this much I can tell you now. *I intend to run the Post Office Department on the theory that we have an active competitor.* Government administration often lacks the incentive produced by the spur of active competition. This idea will be relegated to the graveyard of dead mental attitudes."

In less than a year the impress of Walter F. Brown has been minted deep into the Post Office system. He has actually run the Post Office Department as if it were in danger of losing business to a powerful competitor. This is the first time that such a propelling force has been introduced into large-scale government operations. For many years there has been talk of putting business into government, but Walter F. Brown, with this master executive stroke, is the first man to translate this practical ideal into a practical force.

When a great physician successfully performs a dangerous operation he is able to isolate the specific elements that have made the operation a success. When a pugilist wins his fight by a knockout he can attribute his victory to a left hook, a right cross or a one-two blow. But when an executive successfully re-organizes a business that is going on the rocks or builds a vast industrial organization from a capital of a thousand dollars, it is generally difficult to determine and isolate the specific principles that have brought the unusual results.

The principles that Walter Brown has used in the re-organization of the Post Office system are well defined, concrete and specific. They can be isolated. The president of a great corporation can use these principles in his executive work. The financial

executive will find them living forces that he can apply to his administrative tasks. The groceryman in Centerville can increase his profits through application of the same principles to his retail business.

The Postmaster General is an analytic type of thinker in the highest degree. As he attacks a problem it seems that his mind is not concerned with the solution at all. His major purpose is apparently to break the problem down into its simplest elements. Then the building-up process begins; each element is fitted properly into the unit-scheme until all relationships are properly balanced and all deterring elements eliminated or harmonized until the proper results are attained. The type of thinking is better known as common sense.

### On a Business Basis

President Hoover gave Walter F. Brown a gigantic assignment when he said, in effect, "Put the Post Office system on a paying, business basis!" The yearly financial deficits of the Post Office Department always attract nationwide attention. Particularly does this deficit form a basis of criticism among progressive business men. The apparent deficit for the last fiscal year was \$95,000,000, and this figure does not include approximately \$42,000,000 of retroactive railway settlements. The red line of postal expenses and expenditures has always extended far beyond the black line of postal income and revenue. Walter Brown's problem is to even the two lines.

Long after most government officials have gone home for the day, a light shines in the office of the Postmaster-General. He is drafting, analyzing, planning, deleting—he is carrying through on the re-organization program that will make the red and black lines come together.

When I called again to get the information that he did not deem wise to give me earlier in the Summer, I found the Postmaster-General even busier than when he had been in office only for a few months. But where there had been plans and hopes in the Summer, there were

now results and machinery for achieving them.

During the cabinet-making days after President Hoover's election, Walter F. Brown was prominently mentioned for two or three different cabinet positions. There is no doubt that the President felt that the position calling for the greatest organizing ability and sound business logic was the Postmaster Generalship.

### Rich Experience

In assuming the colossal task of a business reorganization in the postal system Walter F. Brown was facing a problem which he was particularly adapted to solve. In 1921 he accepted from President Harding the appointment as chairman of the Congressional Joint Committee on Re-organization of the government departments in Washington. This committee made a number of significant recommendations but they were never adopted by Congress. Executive orders from the President, however, made some of them effective.

That first governmental reorganization experience provides a rich background for Mr. Brown's present work. It was during this early period that he came into close contact with President Hoover. The Postmaster General found in Hoover one of his strongest supporters. He did more than talk about reorganization plans; he was willing to have them instituted in his own department. As a result of their many conferences on the subject of business reorganization in the government a close business and personal friendship grew between the two men.

In 1921 Mr. Brown had declined the appointment as Assistant Secretary of Commerce because it involved the abandonment of his legal practice in Toledo for an indeterminate number of years. When he was again offered this post in 1927 conditions were such that he was able to accept. Mr. Hoover's close association with Mr. Brown convinced him that here was the executive to undertake one of the toughest problems facing the administration.

In my second talk with the Postmaster General I began by asking several questions about the introduction of business principles into the



## couriers from the swift completion of their appointed rounds"

—Herodotus (Inscribed on New York Post Office Building)

postal system, feeling that he would select the question that should logically be answered first.

"Before answering any of your questions," Mr. Brown said, "I should like to preface our talk with an important fact or two. It has been a theory for many, many years that the postal department should be self-sustaining. In approaching any angle of this theory it should be remembered that the fixing of rates is controlled by Congress. To a great extent the expenditures and expenses are also controlled by Congress.

"The largest source of expense is that of salaries and wages. These are fixed from time to time by Congress, the last revision upward having been made in the face of an existing deficit. A business executive in placing a unit on a paying basis is not faced by any such system of legislative checks. His control is practically absolute. The responsibility, you see, does not lie altogether upon the administration. Our real responsibility is to explain wherein the postal services are not self-sustaining."

"Suppose," Mr. Postmaster General, I said, "that you begin by describing the existing weaknesses in the postal system, and then tell how your re-organization plans are designed to meet and combat these weaknesses and deficiencies."

"As an introduction to the problems of Post Office re-organization let us consider the air mail situation and deduce certain fundamental principles from it that may characterize the tempo of postal reorganization.

"Of all the postal services air mail is one of the most useful. It is at the same time the most expensive, the air mail rate being 150 per cent. higher than ordinary first class postal rates. It is a sound principle, then, that air mail should be used when expedition is of such importance as to justify the increased cost, and then only between points that are actually served by air transportation. We have reason to believe that a considerable portion of the matter carried by air does not require air mail speed.

"If the point of mailing and point of address are not both on air mail routes, the mail will often be transported more rapidly by train than

by air. There are only twenty-five air mail routes under contract in the United States, while there are over 4,700 railway and steamboat routes. Air mail, if employed wisely, is highly advantageous, both to the Post Office and to the user, but if used promiscuously it is not good business for either.

"During my first talk with you I described the loss on air mail transportation. Our point of attack on this is through the system of awarding air mail contracts.

"Air mail contracts were first awarded through competitive bidding, with little consideration of actual costs for the services. For the encouragement and stimulation of commercial flying the Post Office Department assumed the heavy burden of carrying services with costs far in excess of returns.

"It would seem that the aviation industry today requires no further stimulation of this kind. But it is the government's duty to continue its support until the people of the United States understand the utility of air mail services. This great mail artery should become one of the most significant of the postal system. It is our intention to make it such.

### *The Air Mail Tempo*

"The air mail situation symbolizes the entire postal situation. The Department assumes contracts and services that are out of balance in relation to costs and expenses. The speed with which we can get rid of this uneconomic divergence depends upon conditions that the administration cannot control. Our problem is, *first*, to put all our mechanism of operation on the most efficient basis attainable, and, *second*, to analyze conditions that bring about excessive but essential costs and endeavor to plan the Department in such relation to these conditions that the burden will be removed as speedily as possible. Thus it might be said that our re-organization plans are characterized by the air mail tempo.

"I will select a few of the more evident faults and use them to illustrate the general principles that will guide present and future postal reorganization.

"Instead of listing consecutively

the various problems clinging like barnacles to the postal system, and then explaining one by one the methods we are using to loosen these barnacles, it may be better to state each problem and analyze it immediately.

"Our plans of re-organization have been marshalled in an attack upon the postal deficit. Any business organization, if it is losing money, should not study how to make more money but first discern where it is losing money and strengthen this weak spot. Expansion plans in a losing business are not uncommon today, yet expansion in the face of a deficit is as risky as building a structure upon sand.

### *Unpaid Services*

"As a preparation for the attack upon the postal deficit an important change was made in the accounting procedure for the current fiscal year. Previous to this change the expenditures of the Department for all services it performs have been charged to expense of postal service. The Department renders a vast amount and variety of services for which it receives no compensation. At the same time it performs important and costly services which are essentially non-postal.

"A striking example of this kind of service is illustrated by the Post Office Department's share in the administration of the Merchant Marine Acts. In order to equalize the cost of operating American ships in conformity with the American standard of living and the cost of operating foreign subsidized ships, the Post Office Department is charged by Congress with the responsibility of awarding to American shipping lines mail contracts based upon speed and mileage instead of upon mail poundage.

"The cost of carrying the ocean mails under these provisions of the Merchant Marine Acts of 1928 for the current fiscal year will be not less than twelve million dollars more than the same service would cost under the poundage rates.

"Obviously this twelve million dollar deficit cannot be attributed to inefficiency of the Post Office administration. Yet the actual benefit to our

country from this plan of maintaining an adequate merchant marine for the expansion of American commerce all over the world is incalculable. Under our new accounting system this cost of ocean mail contracts in excess of poundage rates, as well as the cost of penalty mail for executive departments of the government and franked and other free mail privileges, will not be charged to the expense to postal operations but will be grouped under an appropriate head. The aggregate of our postal revenues will then be compared with the aggregate of the actual postal service costs and the difference will represent a true deficit or a true surplus.

### Probable Deficit

"It would seem at present that a deficit would still result. If Congress continues to increase the compensation of postal workers, at the same time reducing or maintaining postal rates at the same level, the present difference between revenues and expenditures will inevitably widen."

Elaborating this point, the Postmaster-General suggested that one of the chief reasons for the failure of postal services to pay expenses might be found in a lack of soundness in the rate structure. Naturally, I asked Mr. Brown to give a short analysis of the theory and practices of rate structure.

"In view of the criticism that has been leveled against the Department for inefficiency and for its annual deficit, it is well to remember that *the postal dollar purchases more service today than ever in the past*," Mr. Brown began. "The 2-cent postage rate went into effect in 1885 and has remained the same until today, excepting the 3-cent war period rate. A comparison of the commodity purchasing power of the dollar in 1885 shows that if the postage rate for letters had increased proportionately with wages and the purchasing power of the dollar, the rate in 1900 would have been 2.28 cents per ounce, in 1913, 3.58 cents per ounce and, in 1929, 7.16 cents per ounce. In other words, the average wage earner today can purchase 179 2-cent stamps with the same percentage of his wage as would have been required to purchase 50 2-cent stamps in 1885.

"While the cost of everything the Post Office Department buys—commodities, services, labor—has greatly

increased, the rates have either remained stationary or have been reduced. This condition, in view of the steadily increasing postal deficit naturally raises the question as to whether our rate structure is sound.

"The theory upon which postal rates are based goes back to the Act of February 20, 1792, when rates were fixed on letters or first class matter at a minimum of six cents and on newspapers at a minimum of one cent. These rates increased proportionately with the distance. From the institution of this first rate basis in 1792 up to the present time the element of what the traffic will bear has been constantly recognized. This ratio of six to one does not accurately express the relative market value or what the traffic will bear, but it does express the idea or theory upon which postal rates are based.

"It is upon a similar theory that freight rates have been determined. The principal factors in the fixing of freight rates are: (1) Cost of service; (2) Value of service; (3) Character and value of commodity; (4) Volume and regularity of movement. If freight rates were predicated upon the cost of handling freight without other economic considerations, the transportation of a carload of silk from Seattle to New York would cost no more than the transportation of a carload of logs the same distance and routing.

### What the Traffic Will Bear

"In postal practice, as there is no market value, an arbitrary value should be assigned, based upon rates established to measure as nearly as possible what the traffic will bear. This would be putting into practice sound economic principles in the postal system.

"Under the cost ascertainment as it has been handled in the Post Office Department the cost of handling the various classes of mail has been deducted by dividing the total expenditures by the weight or count of each class without surcharging any rate for preferred space, preferred handling or other special treatment.

"What would happen if such a procedure were followed in a business organization? The same problem of finding the cost of handling each item in a multi-product business is often met in commercial practice—for example, in the packing and petroleum industries. If the same meth-

od of determining the cost of the various products in these businesses were used as in the postal cost ascertainment, the packing industry would assume that a porterhouse steak costs no more per pound than soup bones, and the petroleum industry would figure that high grade gasoline costs no more per gallon than crude oil. These industries have the basis of market value from which to formulate their item-costs while the Post Office Department can only measure as accurately as possible what the traffic will bear.

"It would seem from this that cost ascertainment has been a purely arithmetical finding, and for that reason should not have more than an incidental value for rate-making purposes."

At the conclusion of this valuable analysis, I said, "Mr. Postmaster-General, will you please tell us what steps are being taken to meet this difficult rate structure inconsistency?"

"At the present time careful studies are being made, under the supervision of the Third Assistant Postmaster General, of all the factors that enter into postal costs and of all other factors that should be considered in postal rate-making. At the conclusion of these studies the results will be submitted to Congress, and it will then be time for proper action to be taken."

"Every financial executive in America will be deeply interested in the re-organization plans you have already instituted in the Department. Will you describe them?"

### Re-organization Plans

"In providing the strongest possible basis for all plans of putting the Post Office Department on a business equality with our powerful, imaginary business competitor, I decided that the two essentials were firsthand information about problems in the field and practical, experienced help in solving these problems. To meet this formula and at the same time give recognition to efficiency in the field I recommended to the President the appointment of the Postmaster at Minneapolis and of the Postmaster of Dallas, to be respectively First and Fourth Assistant Postmasters General.

"The executive staff about which all of these plans are made consists

(Continued on page 24)



## Leaks in the Business Corn Crib

*By Stephen I. Miller*

**E**VERY year the farmer puts his wheat in the bin and his corn in the crib. In most instances the sum total of wheat and corn taken out does not equal the sum total put in the granary. The difference is waste—leakage. A golden stream of grain—in the aggregate a golden stream of dollars—pours through rat holes in the bottom of the bin. Some farmers do not see the leaks and raise more rats; others plug the holes; still others kill the rats—and some use rat-proof materials to rebuild their granaries and cribs.

Every business has its leaks and the sum total of these leaks in the whole country amounts to several billions of dollars each year. It has been estimated that ten per cent. of all American income is absolutely wasted. If all production and marketing were in the hands of the best qualified and if all purchases were made and used with true economy, the saving would be sufficient, every year, to increase the purchasing power of the people of the United States by at least ten billion dollars. This conclusion is not

predicated upon a limitation of personal desires or even a change in consumption habits.

Such a colossal waste is the result of small leaks throughout the entire economic structure. It is not merely one large rat hole in the business corn crib, but a multitude of small ones which in the aggregate increase production and marketing costs, decrease wages, limit demand and retard the progress of civilization.

Many men do not even see the leaks in their business. They fill their shelves and warehouses, sell out at a loss, and fill again. Like the wheat in the bin and the corn in the crib, an almost imperceptible stream carries away the possibility of a profit. Some men discover the leak and plug the hole, and thus only temporarily meet the difficulty. A few strike decisively at the cause of the waste and make its recurrence impossible.

All is change in the industrial world. What is economy today is waste tomorrow. New inventions, new markets and new demands constitute an ever shifting business panorama.

JANUARY, 1930



*The methods of the Interstate  
Electrical Co., New Orleans,  
described by its Secretary-  
Treasurer, O. G. H. Rasch*

# We Learned Retailing



*In Order to Help Our Dealers*

## TO MAKE PROFITS

**E**UGENE MEYER has said, "Credit is like morphine in the hands of those who do not understand its principles and dangers as well as its benefits. It is a most useful and helpful invention; but either opium or morphine if used habitually and without proper direction leads eventually to the gutters."

It is the responsibility of the credit executive of today to see that credit is in the hands of those who understand its principles and are as competent to handle it as a physician morphine or opium.

We all know that a great number of our credit losses are due to incompetency in the people we sell. If we endeavor to educate and train them to be more efficient, we render a real service to them, to the community, and to the credit profession, and we also reduce our losses and increase our sales and profits.

A pamphlet issued by the National Association of Credit Men explains Business Service as a service rendered to customers by giving them advice and counsel in the planning of their operations and conduct of their business, thereby persuading them to follow the lines which will necessarily contribute to a continuation of their business in a successful manner.

Modern business today is a science and too complicated for any one man to be an expert in all its branches. During the past few years many

wholesalers and retailers have been slipping, due to inroads of the chain stores.

The success of chain stores and large organizations is due primarily to their being able to afford a trained specialist in charge of Sales, Advertising, Purchasing, Production, Finance, Credits and Accounting, etc. These specialists, who are experts in their particular branch of business, can devote their entire time to the study and application of their specialty in the business at a very low unit cost. The individual business man who has to handle all the phases of business himself is almost never as accomplished or as efficient in all phases of business as the expert who devotes his entire time to specialization, even though the individual may have a better general business knowledge than any one of the specialists.

In spite of the growth of the chain stores, and the contention that the wholesaler and independent retailer are doomed, I firmly believe that there will always be an economic need for the wholesaler and retailer. Their survival is a question of who can perform the service most economically, which means efficient management.

It is necessary for wholesalers to help the retailers, to give them the service that puts them on a basis to compete equally with the chain stores. Many wholesalers, however, lack experience in retailing. In our own

case, we became retailers, by opening experimental or laboratory stores in order to learn thoroughly the retail business and be able to place the information at the disposal of our co-operative dealers.

In our particular business, we call Business Service "Co-Operative Assistance," which means helping our customers grow. We realize that our growth is limited to the growth of our customers; therefore we endeavor to assist them to make a profit through our service, which results in a profit to us. When they grow, we grow.

We turn our company's experience and ability to the benefit of our customers, with a limited scope, who may utilize them in their business. We offer something more than mere goods and price—we offer service and co-operative assistance to help them make a profit on what they have bought.

### *Business Service*

Interstate Organization is a clearing house for making this service available to our co-operative dealers.

Our Advertising Department prepares and sends to our customers advertisements for newspapers, posters and various circulars, dodgers, etc.

Our Sales and Merchandising Manager gives customers the benefit of our campaigns along various lines, sales promotion ideas, sales letters and supplies them with literature for their sales people to read, helping

**CREDIT MONTHLY**

them to suggest advertising items to store to. Our draws play, co are fun. We control stores operati through a per record turnov lescent and al. A p partm station tions, tioner are pr Depar. Dea co-op to su which ing ic induc selves. Our really by ch



them to be better merchants. He suggests resale prices and leaders to advertise, also means and methods of training sales people to sell profitable items when customers come into the store to buy advertised leaders.

Our Engineering Department draws up plans for store fronts, display, counters, cafeterias, etc., which are furnished dealers.

We have a simple system of stock control that we use in our own retail stores which we furnish to our co-operative dealers to enable them through periodical inventories to have a perpetual inventory and purchase record. This helps their possible turnover, reduces loss through obsolescence, posts them on various items, and also is a permanent cost system.

A printing and multigraphing department, where we print our own stationery for our various organizations, produces on the customer's stationery, sales and credit letters, which are prepared by our Sales and Credit Departments.

Dealers working with us on this co-operative plan are also requested to subscribe to a national service which furnishes sales ideas, advertising ideas, collection ideas, etc. This induces them to study, educate themselves and their employees.

Our salesmen are trained to be really co-operative, to help the dealer by checking him to see that his win-

dows are well decorated, his goods well displayed in store, all items properly priced, and his sales people properly trained.

Through the Accounting and Credit Department, we advise customers on their bookkeeping system and credit problems. We have them send us such reports and statements as we outline to suit the exact nature of each business. We do not have any special form of reports for all dealers, because we believe that a system should be fitted to a business and not a business to a system.

The uniform systems of accounting, profit-and-loss statements, and balance sheets as recommended by the National Association of Credit Men by the various trade associations, and by the Department of Commerce are all good and can be used as guides. We use our judgment in applying these systems to fit each particular business. Public accountants and auditors can be of material assistance to the customers in planning their record-keeping.

It is very important that all reports be made up in a comparative form showing the month this year, the month last year, the cumulative period, this year to date, and the cumulative period last year to date, as it is only by comparison that the proper analysis can be made.

Sales should be analyzed and re-

ported in such form that they are broken down into as many departments and classifications as it is necessary for proper analysis. Analysis should be made showing the sales of each person and his expense ratio in order to bring about the proper initiative and results. The gross profit percentage should be computed by as many departments or classifications as is necessary in the particular business. The operating expenses should be broken down sufficiently to analyze properly the expenses and percentage of expenses to sales to see if the cost of obtaining additional business results in more or less net profit.

An analysis should be made of turnover on merchandise to see that the proper turnover is secured on the various lines. It is often found, when proper analysis is given to a line that was thought very profitable, that it shows a loss, and that the business would be better off without it.

The turnover of accounts receivable should be analyzed to determine the age of accounts and to see that too much is not carried in accounts receivable, causing excessive losses.

Reports or suggestions to a customer should be made in such form as to meet his education and intelligence. The report that does not act as a window for the reader to see into the

(Continued on page 25)

BLANK & CO.		
Comparative Balance Sheet		
	Sept. 30, 1929	Sept. 30, 1928
<b>Assets</b>		
<b>Current</b>		
Cash		
Accounts Receivable		
Current—30 days		
Accts. Rec. 90 days		
Accts. Rec. over 90 days		
Total Accounts Receivable		
Notes Receivable—current		
Notes Receivable—past due		
Less Reserve for Bad Accounts		
Merchandise Inventory—automotive		
Merchandise Inventory—electrical		
Merchandise Inventory—radio		
Merchandise Inventory—fixtures		
Total, All Departments		
Officers, Employees, or Properties		
<b>Fixed Assets</b>		
(List Assets such as Furniture, Fixtures, Trucks, Real Estate, etc.)		
Less Reserve for Depreciation		
<b>Deferred Charges</b>		
<b>Total Assets</b>		
<b>Liabilities</b>		
<b>Current</b>		
Accounts Payable—currency		
Accounts Payable—past due		
Notes Payable Trade—current		
Notes Payable Trade—past due		
Notes Payable Banks		
Capital Stock or Properties account		
Surplus		

BLANK & CO.				
Comparative Profit and Loss Statement				
	Sept., 1929	Sept., 1928	Jan. 1 to Sept. 30, '29	Jan. 1 to Sept. 30, '28
<b>Sales</b>				
Automotive Sales				
Electrical Sales				
Radio Sales				
Fixture Sales				
Total Sales				
<b>Cost of Goods Sold</b>				
<b>Gross Profit</b>				
<b>Percentage Gross Profit</b>				
<b>Operating Expenses (Detail)</b>				
Total Operating Expenses				
<b>Percentage Operating Expenses</b>				
<b>Net Profit</b>				
<b>Percentage Net Profit</b>				

The debtor merchant, required to fill out the Comparative Profit and Loss Statement, reveals the trend of his business. (Actual size 8½ x 11 in., mimeographed.)

(Left) The Comparative Balance Sheet shows the debtor's position at dates one year apart. (Actual size 8½ x 11 in., mimeographed.)

# Death

## Was the Penalty Not Long Ago

## for Forgery

*Today forgery is by no means safe, but the commercial crook who resorts to it in 1930 does not run the risks of those miscreants, of a century or more ago, described by Eleanor Boykin in this article.*

**W**HEN Shakespeare wrote, "But he that filches from me my good name/Robs me of that which not enriches him/And makes me poor indeed," he was thinking merely of malicious gossip. For even his superb imagination could not have conceived of the elaborate criminal practices of the Twentieth Century by which the unscrupulous use of a good name may enrich rogues to the extent of hundreds of thousands of dollars, if they are clever enough to get away with well-managed forgery schemes. With the development of commerce and trade, the fraudulent use of good names has increased until now some criminal investigators have called forgery America's "fastest growing crime."

But fortunately for those who are affected directly or indirectly by its practice, in which class credit managers are included, the risks of attempting forgery are also becoming greater, and those who are engaged in protecting business from marauders are constantly on the alert for the appearance of forgery in its various forms. The Credit Protection Department of the National Association of Credit Men was instrumental recently in helping to bring about the conviction in California of two forgers and credit falsifiers who were given indeterminate sentences with a maximum of twenty-eight years. Not long ago, through the activities of the American Bankers Association, two forgers were apprehended in a little Long Island town, were identified as leaders of a ring that by skillful manipulations had robbed as

many as fourteen banks throughout the United States in one day, and were brought to justice. The sentences were of more than twenty years.

These punishments for unwarranted signatures scarcely sound mild, yet we do not have to go far back in the history of forgery to find men being hanged for a single offense of this kind, which the famous biographer, Boswell, called "the most dangerous crime in a commercial country." And Boswell was not simply uttering a generalization, for he saw the quick and fatal doom which the law placed upon one of his contemporaries, a clergyman of considerable local reputation. The case still has a place in the annals of roguery, both because of the priestly profession of the victim, and because of the efforts of the sternly honest yet charitable Dr. Samuel Johnson to have the capital sentence mitigated, though to no avail.

When we think of the forgers of the present day, with their ingenious schemes elaborately planned and executed with hundreds of thousands of dollars as the goal, the crude device of the improvident, untrustworthy Dr. Dodd to free himself from a burden of debt by forging the name of a former patron seems rather simple minded and pathetic, particularly when, in spite of his offers to make restitution, he paid for the clumsy act with his life.

William Dodd, born in Lincolnshire, England, in 1729, the son of a clergyman, seemed to have a promising career before him when he left Cambridge, with honors and a reputation as a dancer and personable young man, and went to London. He first thought of making literature his profession and published two small volumes called "Beauties of Shakespeare," made up of quotations from

the great dramatist, forerunners of such latter-day giftcracks as "Thoughts from Tennyson" and "Day by Day with Kipling." He soon decided, however, that the ministry would give greater scope to his ambition and personality and presently began his service as curate in a village in Essex.

After two years of this slow-going apprenticeship, he got the opportunity to preach the inaugural sermon at Magdalen House, an asylum which had been organized for misled but penitent women. He made such a vivid appeal that the charity became immensely popular at once, and he was given the post of Chaplain. His weekly sermons drew large and fashionable crowds who enjoyed hearing his sensational warnings to the magdalens, clothed as they were in eloquent and stirring phrases. But his sources of income were not sufficient for his needs, and he added to his activities the teaching of a number of young men, among whom was the heir of the great Earl of Chesterfield, remembered now for his letters to his other and illegitimate son.

An ill-advised attempt to gain the appointment as rector of a London church, by bribing the wife of the Lord Chancellor, brought an end to Dodd's popularity and involved him in such a scandal that he deemed it best to go abroad for awhile. When he returned to London, he found no means of balancing his habitual extravagance with his earnings and finally he took the desperate step of forging the name of his former pupil, now the Earl of Chesterfield, to a bond for four thousand pounds, hoping to be able to pay the amount before he was detected, or, trusting that, if the crime were discovered, his noble patron would generously make good the bond rather than appear against him.

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In his optimism, Dodd not only signed Lord Chesterfield's name to the paper but attested the signature himself, so that there was no difficulty, when the bond was presented to the supposed maker, in discovering the forger. When Dodd was approached he admitted his guilt at once and offered to give notes and a judgment on his goods that the entire sum might be repaid, still relying upon the mercy of the Earl. But in this he was disappointed, and when he was brought before the Lord Mayor, he was sentenced to death in spite of his plea of lack of criminal intention. Even his protest, "My lord, I have creditors, honest men, who will lose much by my death," did not prevent the jury from finding him guilty.

Lodged in prison, he thought him of Dr. Johnson, whom he had seen once, and applied to him for aid through a friendly countess. Dr. Johnson, who it may be remembered was one of the earliest opponents of the harsh measures which threw debtors into prison, held no opposing views to the laws of his time with regard to forgery as a capital offense. However, he was horrified at the thought of a public hanging for a representative of the Church of England, and he agreed to do his best, always with the understanding that his name was not to be brought into the affair.

He wrote petitions for both Dr. and Mrs. Dodd to present to the King, and he wrote also "The Convict's Address to his Unhappy Brethren," a sermon which Dodd delivered in the chapel of Newgate Prison. The original of this address in Johnson's hand is now in the possession of A. Edward Newton, of Philadelphia, the eminent bibliophile, and reads in part, as follows:

"To the words of dying Men regard has always been paid. I am brought hither to suffer death for an act of Fraud of which I confess myself guilty, with shame such as my former state of life naturally produces; and I hope with such sorrow as The Eternal Son, he to whom the Heart is known, will not disregard. I repent that I have violated the laws by which peace and confidence are established among men; I repent that I have brought disgrace upon my order, and discredit upon Religion . . .

"The little good that now remains in my power is to warn others against

pent; and may God, who knoweth our frailty, and desireth not our death, accept your repentance, for the sake of his son Jesus Christ our Lord.

In requital of those well intended offices which you are pleased so emphatically to acknowledge, let me beg that you make in your devotions one petition for my eternal welfare. I am, dear Sir, your most affectionate servant,

SAM JOHNSON

On June 27, 1777, Dodd was hanged at Tyburn before a dense crowd who waited for the event in

the rain. When questioned about the propriety of such a public execution, Dr. Johnson, who never let his kindness dilute his convictions, answered, "Executions are intended to draw spectators. If they do not draw spectators, they do not answer their purpose."

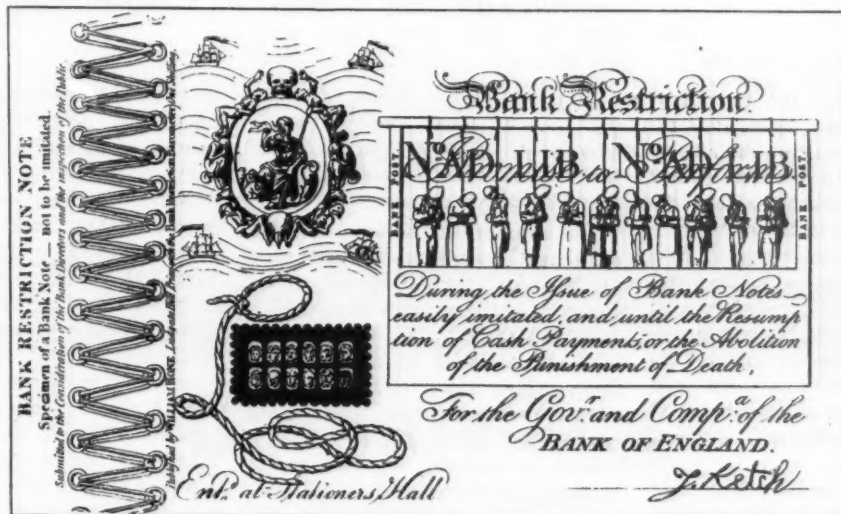
In contrast with Dodd's dismal fate, the story of a

clergyman-forger of our day appears only a dramatic comedy. Not long ago, a preacher in a Southern town bought a newspaper with notes bearing forged indorsements of some of his friends. A respectable member of the community, the man, when the crime was discovered, published headlines in his own newspaper telling of the forgery, and under these ran a confession, announcing that he was turning the paper over to his injured friends in restitution. The Judge, who had been a friend also, sentenced him to ten to twelve years in the penitentiary and the governor of the State showed his consideration for the culprit by deputizing the president of a local college to accompany him thither.

Dr. Johnson is not the only literary character who has shown a measure of sympathy with the temptations that may lead to forgery. Charles Lamb, as free from moraliz-

(Continued on page 26)

Courtesy, the Golden Book



A protest, in 1818, by George Cruikshank, artist, against the Death Penalty for minor offenses such as forgery and counterfeiting.

those temptations by which I have been seduced. I have always sinned against conviction; my principles have never been shaken; . . . but the law of God, though never disowned by me, has often been forgotten. I was led astray from religious strictness by the Vanity of Show and the delight of voluptuousness. Vanity and pleasure required expense disproportionate to my income, expense brought distress upon me, and distress impelled me to fraud."

When Dr. Johnson was led to conclude that there was little hope for Dodd's release—although most of the money had been returned and a petition had been signed with 23,000 names, he wrote to the prisoner:

"That which is appointed to all men is now coming upon you. Outward circumstances, the eyes and the thoughts of men are below the notice of an immortal being about to stand the trial for eternity, before the Supreme Judge of heaven and earth. Be comforted, your crime, morally or religiously considered, has no very deep dye of turpitude. It corrupted no man's principles; it attacked no man's life. It involved only a temporary and reparable injury. Of this, and of all other sins, you are earnestly to re-



# The Financial Executive Should Know about

- ... *The Pro-Rata Distribution Clause*
- ... *The Reduced Rate Contribution Clause*
- ... *The Three-Fourths Value Clause*
- ... *The Iron Safe Clause*
- and Our Old Friend the Co-insurance Clause

It is easy enough for a financial executive to say, "put \$100,000 fire insurance on my building or stock," or to cause a merchant debtor to insure his merchandise, but it's worse than a drop in the stock market to find that one is only partly covered when a loss occurs because there was a lack of understanding of the *pro rata distribution clause*, the *reduced rate contribution clause*, the *three-fourths value clause*, the *iron safe clause*, or some of the other very important fire insurance contract clauses.

In these days of sudden changes in finances it is extremely important to be clear on the fire insurance policy clauses. Of what avail are profits through scientific sales promotion, intelligent credit policies, advertising and painstaking economy if we lose by insurance carelessness?

Consider, first, the *pro rata* or, as sometimes called, the average distribution clause. When you cover a group of buildings, or contents of buildings with a blanket fire insurance policy and do not insure fully to value—the *pro rata distribution clause* is usually attached to the fire insurance policy. The clause reads:

It is a condition of this contract that the amounts covered hereunder shall attach in or on each building, shed and other structure and/or place in that proportion of the amount hereby covered that the value of the property covered by this policy in or on each said building, shed and other structure and/or place shall bear to the value of all of the property described herein.

How it functions is more important. Assume that a company owning three different buildings containing values of \$200,000 buys a *blanket* fire insurance policy for \$100,000 to cover all of the building contents. In Building A the value is \$100,000, in Building B \$40,000, and in Building

C \$60,000. A fire occurs in Building C and causes damage to the amount of \$10,000. How much will the company collect under the *pro rata distribution clause*?

The amount of insurance covering Building C is determined by the ratio of the *value* (not the amount of insurance) of the contents of the building (\$60,000) to the total value of the contents of all buildings (\$200,000). This ratio, 60,000/200,000, applied to the total insurance carried (\$100,000) gives \$30,000 as the amount of insurance applying to the building. If there were a total loss, and the values were \$60,000, the company, would under the circumstances outlined, collect \$30,000. If there were a loss of \$10,000 it would collect \$10,000. If the loss were greater than \$30,000 on the third building, the company would have to stand the balance of the loss.

The example given is based on the assumption that the values were insured in keeping with the co-insurance clause attached. In the above example the aggregate values in all of the buildings were \$200,000 and the amount of insurance covering blanket was \$100,000, which was on the basis of 50 per cent. co-insurance. Now assume that the total values contained in all the buildings at the time of a fire was \$300,000 on which \$100,000 in insurance was carried. This is an entirely different case. First, the *pro rata distribution average clause* would distribute the insurance on the basis of what the values in Building C, \$60,000, bore to the total value of \$300,000, or 60,000/300,000 of \$100,000, the amount of insurance carried. This would be 1/5 of \$100,000, or \$20,000, in insurance applying to Building C wherein the total values are

\$60,000. But now co-insurance must be applied. With \$300,000 in values instead of \$200,000, the assured becomes a co-insurer, for he has only \$100,000 in insurance and should have \$150,000. Applying the 50 per cent. co-insurance clause he should have \$30,000 insurance on Building C which contains values of \$60,000. The *pro rata distribution clause* provides only \$20,000. In the event of a total loss he collects \$20,000, but if there is a partial loss such as \$10,000 he collects 20,000/30,000 of \$10,000 (the ratio the amount of insurance applying on that building bears to the amount which should have been carried in keeping with the agreement to insure 50 per cent. to value), or \$6,666. With most fire insurance risks the 80 and 90 per cent. co-insurance clauses are used, but on riot, explosion, windstorm and other coverages 50 per cent. co-insurance is common.

## Partial Loss Adjustments

The adjustment of partial losses under the *per diem* form of the "interrupted earnings" or Use & Occupancy contract is seldom understood by business men. To take care of these partial losses the Use & Occupancy contract states:

The *per diem* liability under this policy during the time of a partial suspension of business shall be limited to the "Actual Loss Sustained," not exceeding that proportion of the *per diem* liability that would have been incurred by a total suspension of business which the actual *per diem* loss sustained, during the time of such partial suspension, bears to the *per diem* loss which would have been sustained by a total suspension of business, for the same time, of all properties described herein, due consideration being given to the experience of the business before the loss and the probable experience thereafter.

This partial loss provision is a co-

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insurance control in itself and permits the assured to collect only in the proportion that the amount of insurance carried bears to the total earnings involved. As partial losses are more frequent than total losses it would not be fair to write the policy without this stipulation, for otherwise the assured could insure for a small per diem sum and receive the same protection as the fire policyholder who insures his earnings 100 per cent. To further clarify the operation of this partial suspension clause the following example is given:

The per diem limit under a Use & Occupancy policy, we will say, is \$1,000. The actual per diem loss is \$200. However, the per diem loss which would have been incurred in the event of a total suspension is \$1200

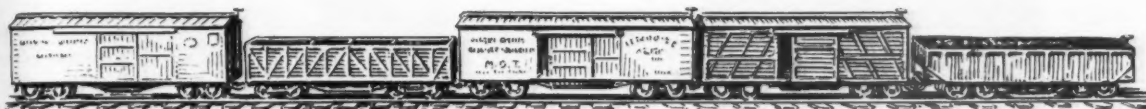
(\$200 more than the limit for which the policy happens to be written.) Therefore as a coinsurance control and in keeping with the partial suspension clause, the loss paid would be determined by the proportion that the actual limit, \$1,000, bore to the limit which should have been carried, \$1200, or \$1,000 to \$1,200, or 5/6. Therefore 5/6 of \$200, or \$166.65, would be the loss paid.

### Three-Fourths Value Clause

On many fire insurance contracts the three-fourths value clause is attached. In the event of a loss and also as a basis on which the rate of premium is fixed the insurance company holds itself liable for only three-fourths of the *actual cash value* of the property in the event of a loss. If the property is worth \$12,000 and is totally destroyed by fire, the settlement under a three-fourths

value clause would be \$9,000. Furthermore, in the event that there is any other insurance on the property, a policy with the three-fourths value clause contributes pro rata only in the proportion of three-fourths of the value. If by chance the liability of the insurance company happens to be less on the property than the amount of insurance, and a premium has been paid to the insurance company, it will on demand refund the difference for the full term of the policy between the amount insured and the amount paid for the total loss.

Contrasted to this is the three-fourths loss clause. With such a clause only three-fourths of the loss developing is paid. In the foregoing  
(Continued on page 28)



# Car Loadings

By S. M. Okonom

**V**ARIOUS "barometers" of business are used frequently nowadays in the statements of economists, business analysts and others. It is the purpose of the CREDIT MONTHLY to describe these yardsticks one by one and to indicate their relative importance.

Let us consider, in this article, car loadings.

Revenue freight for the week ending December 14 amounted to 923,240 cars, a decrease under the corresponding week of 1928. This decrease compared to 1928 was spread over all the leading commodity classifications; coal and coke showed an increase.

Car loadings find a prominent place in practically every survey of economic conditions. They represent one of the more recent additions to prosperity measurement and have been generally accepted as being worthy of a place among the economic forces that determine business activity. The financial executive who observes car loadings should appreciate their advantages and limitations—

First, car loadings are highly seasonal.

This means that the mere statement of a decrease of 13,585 for the week ending December 14 as compared to the preceding week is of little value as a trade index. This is the reason why the comparison should be made with the same week of the preceding year.

Second, this index is of no direct value in business forecasting. It is more comparable to a clinical thermometer than to a barometer. It shows what is happening rather than what is going to happen.

Third, as a matter of fact, car loadings are limited as a measure of present general business conditions. There may be a falling off in business activity in the Fall, which may not be reflected in car loadings before the following Spring. This is explained by the fact that contracts for shipment generally precede the actual movement of the goods by several weeks.

Fourth, car loadings must not be interpreted as a complete measurement of all commodity movements. There is still a vast volume of business that moves within narrow range. Another important transportation

agency is the motor truck, which is carrying a greater and greater volume of goods over an increasingly wide range.

Fifth, car loadings have an advantage in being compiled every week by the American Railway Association and published two weeks from the time the information actually applies. They are accurate, continuous and fairly up to date.

Sixth, the study of car loadings should be made by commodity classification and not by general totals. Such classifications cover grain and grain products, livestock, coal, coke, forest products, ore, merchandise and miscellaneous products. It is important to note that, in this regard, the United States is divided into seven districts, and the loading given for each district which permits a comparison by territory.

In speaking of business information, the economist, Ray Vance, has said "If we throw the whole mass at our minds without some plan of analysis and some rules of valuation, then our minds are as unable to handle them as our bodies are to lift a ton of rock."

### Summary of this Sad, True Story

- 1—Debtor goes broke.
- 2—Debtor pretends to be more than fair to creditors.
- 3—Some creditors ready to accept ten cents on the dollar.
- 4—N. A. C. M. investigation, gathering evidence of fraud, turns up more assets.
- 5—Debtor explains, and again makes impressive protestations of honesty.
- 6—Most of the creditors again convinced.
- 7—Investigator, searching for evidence of fraud, turns up more assets.
- 8—Debtor goes to the Penitentiary.
- 9—Creditors to get 100 cents on the dollar.

## It Pays To Be Skeptical

By Maurice Crain

**A**DJUSTMENT bureau cases which yield 100 cents on the dollar are no longer so rare as to occasion astonishment. However, a Credit Protection case which results not only in the conviction of a fraud perpetrator but incidentally in the recovery of concealed assets sufficient to meet all claims is something of a novelty.

This remarkable record was established recently in the case of the E. C. Nichols Dry Goods Co., of Bangor, Me. More remarkable still, the creditors were considering favorably a ten per cent. composition offer when the investigation made by the Credit Protection Department of the National Association of Credit Men uncovered certain facts which caused them to delay.

When the E. C. Nichols Dry Goods Co. was petitioned into bankruptcy in February, 1929, liabilities totaled about \$55,000 and assets realized amounted to less than \$2,500. William E. Quirin, president of the bankrupt concern, made an offer of ten per cent. to the creditors, saying that he would make up the difference

of approximately \$3,000 by turning over to the estate certain property which he owned, inasmuch as he had dealt with some of the creditors for many years and wanted to make good their claims to the extent of his ability.

Many of the creditors were deeply touched by this magnanimity on the part of the debtor. They did not realize, at that time, that they had been touched for a great deal more than \$3,000 during Quirin's previous conduct of the business. A few of the creditors—hard boiled and skeptical they seemed, in the circumstances—requested the Credit Protection Department to make a preliminary investigation, just to be sure that all was well before accepting the offer.

An investigator uncovered evidence that certain funds rightfully due the company had been diverted to an account kept in the name of Quirin's wife at Manchester, N. H., prior to the failure. When these facts were brought out, Quirin came forward with an explanation and a new offer.

Some time previous to the failure, Quirin explained, when he still hoped to pull the business through its difficulties, he had borrowed money from his wife. If the creditors and the Trustee considered the payments subsequently made to her as preferential, he was willing to see that the amount involved, \$16,000, was returned to the estate in final settlement of claims.

Again, a number of the creditors were favorable to Quirin's offer. Before it could be accepted, however, the skeptical investigator, delving further into the affairs of the defunct concern, uncovered new evidence which caused the creditors to delay. He flatly denied that Mrs. Quirin had ever advanced money to the business, as her husband claimed, and offered clues to other hidden assets.

The Nichols Company, during its downhill course which resulted in the bankruptcy, had given up its expensive quarters on a valuable corner site in Bangor. This move was looked upon as a measure of retrenchment at the time, but upon examining the matter more closely, the investigator learned that the lease *had actually been sold to a chain store company for \$54,000*. The deal had been rather complicated, since the lease nominally passed through several hands before being transferred to the chain store company, but an energetic attorney for the Trustee set out to recover the proceeds for the estate. Several suits were necessary, but this purpose was eventually accomplished.

Up to the present, recoveries for the estate total \$69,000, against liabilities of \$55,000. Although expenses of administration have been heavy, because of several necessary law suits, it is believed that creditors will eventually receive payment of their claims in full.

The Credit Protection Department was concerned throughout solely with the criminal aspects of the case, and the recovery of concealed assets was incidental to the gathering of evidence. As a result of the investigation, Quirin was indicted on a charge of violating the bankruptcy laws. He entered a plea of *nolo contendere*, and was sentenced on December 5 to one year and one day in the Federal Penitentiary at Atlanta.

**CREDIT MONTHLY**

# Two Business Leaders On the Future of Business



ALFRED P. SLOAN, JR.  
*President, General Motors Corp.*



COLBY M. CHESTER, JR.  
*President, General Foods Corp.*

## Automobiles

**I** SEE nothing in the current situation to change our sales or credit policies. Nor do I believe there will be any increase in commercial failures.

In our own operations, in the General Motors Corporation, the credit situation as reflected by the latest figures of General Motors Acceptance Corporation indicates an entirely satisfactory condition so far.

An analysis of the situation leads me to the conviction that the readjustment incident to the stock market liquidation will be less severe than is generally anticipated.

My advice to the financial executives of the Nation is that we should all carry on along as broad and liberal lines as sound business practice may warrant in order that commercial activity may be stimulated and confidence increased.

## Food Products

**C**REDITS have been neither tightened nor curtailed by the General Foods Corporation. We believe that the business of this country and particularly the food industry, our largest and most basic industry, is sound and healthy. We see no reason for any change in our credit policy.

There may be some slight increase over last year in the customary year-end commercial failures but these should be only nominal and business should not be unduly concerned. The high money rates of 1929 have undoubtedly tended to keep inventories lower than normal and may possibly have retarded business but with every prospect of easier credits and lower interest charges and with everyone buckling down to work, 1930 should be a prosperous year.

Indications are that jobbers' stocks are closely related to actual consumer demand. This is a most gratifying position which cannot fail to benefit the manufacturer as well as his customer. All available indications point to a most satisfactory volume for our company in 1930.



*A Plea by W. Randolph Montgomery,  
of Counsel for the National Association  
of Credit Men, a Member of the  
New York Bar, for a*



## BUSINESS Administration of Bankrupt Estates

**T**HE National Association of Credit Men, since the date of its organization, has stood unreservedly for a Federal Bankruptcy System. Indeed it was largely because of the necessity for a Federal Bankruptcy Law that the Association was organized in 1896. It is significant that the present Bankruptcy Act was enacted two years after the Association was organized.

It is because of the Association's vital interest in this statute that it has viewed with increasing alarm the ever-growing volume of criticism of the administration of the Act and the recurrent scandals which have broken out from time to time in different judicial districts.

As the Association has analyzed the criticisms which have appeared in the press, it has found little or no complaint with the substantive provisions of the statute, but the criticism has almost invariably been directed against (a) breaches of trust on the part of receivers, trustees, custodians and auctioneers; (b) delays in administration; (c) the cost of administration.

To be sure, these criticisms have not been always wholly intelligent, and so far as abuses of trust are concerned, such abuses have been discovered in only an infinitesimal fraction of the total number of cases which have been administered in the courts. Yet a feeling lingers that whenever such an abuse is discovered, other instances of the same sort go undiscovered.

The writer, expressing his own views on the subject, and not attempting to speak officially on behalf of the National Association of Credit Men, has frequently stated his be-

lief that the fundamental cause of dissatisfaction with bankruptcy administration lies in the policy of the statute which reposes in the courts, the responsibility for the supervising and directing of the liquidation of bankrupt estates which, in its nature is a business problem and not a legal problem. For example, the statute requires the judges and the referees to pass upon such questions as the following: (a) whether or not in a particular estate, the business of the bankrupt should be continued or the assets sold; (b) whether the assets should be sold at public sale or at private sale; (c) whether or not it is essential to the proper administration of the estate that the books of account of the bankrupt be audited.

These questions are suggested as typical of those which the judge sitting in bankruptcy or the referee, is required to pass upon daily.

In the great urban centers such as Chicago, New York and Philadelphia, the vast volume of bankruptcy business that passes through the courts makes it impossible, in the nature of things, for the judges or the referees to have an intelligent opinion upon such problems in all or even in a majority of the cases in which their orders determine the policy which must be followed. Add to this the fact that in the metropolitan centers a judge may sit in bankruptcy for a month, and then not sit in bankruptcy again until some five or six months later, and it is apparent that there is no continuity of supervision, by a single judge, of any case. Continuity is provided, of course, by the referee so far as the referee has authority to control administration, but

his decisions are always subject to reversal or modification by whatever judge, on a particular day, happens to be hearing bankruptcy motions.

In the writer's opinion, it is this false and defective supervision by the courts which is at the bottom of most of the dissatisfaction with the administration of the law. In no other department of its work do the courts attempt to exercise any such functions. In the Surrogate's Courts, for example, a trustee appointed under a will is not required to submit all of his business problems to the court for its sanction and approval, except as he files his intermediate or final reports and accounts, and yet the administration of decedent's estates appears to be eminently satisfactory.

### *Segregate Business Problems from Legal Problems*

The solution of the problem, in the writer's judgment, is to divorce the business problems of administration from the strictly legal problems which may arise in the course of administration. This may effectively be done by extending the power of the trustee to the determination of all questions of business policy as they arise, without the necessity of obtaining the approval of the court. A sufficient check can be placed upon the trustee by adopting the Canadian system (which the writer discussed in an article in the October, 1929, CREDIT MONTHLY, in association with Mr. Robert H. Thayer), namely, by permitting the creditors, at the first meeting, to elect three to five inspectors, with whose unanimous consent in writing the trustee might



exercise the broad powers herein suggested.

Not only would this change in the method of administration remove from the courts the responsibility which has been erroneously placed upon them, but it would eliminate a vast number of petitions, orders and affidavits which the Act, Rules and General Orders now require.

The elimination of these formalities would, furthermore, reduce the necessity of the employment of attorneys for the drawing of routine papers, and relieve the estate from the expense of such services.

Under such a system, lawyers would be retained to perform work of a strictly legal nature, and there would be no necessity for burdening the bankrupt estate in every instance with a general attorney for the receiver and another for the trustee. In many cases no attorney's services would be required, and where lawyers were employed, they would be engaged to do particular work which the inspectors and trustees might find necessary.

The writer is well aware of the possibility of corruption through collusion between inspectors and the

trustee, but in Canada, where this system has been in operation for a number of years, and precisely the same danger exists, business men, lawyers and judges agree that on the whole the administration of the law has proven satisfactory. Some limitation upon the selection of the trustee might be desirable, in view of the mixed population of some of our Eastern cities, but with the foregoing principles agreed upon, the drafting of a plan to put them into practical and efficient operation should not be an insuperable problem.

## Compilation of Bankruptcy Statistics

ON this page appears a summary of the Statistics of Bankruptcy for the United States for the fiscal year ended June 30, 1929, recently made available through the Annual Report of the Attorney General of the United States. (Copies of the complete 372-page report may be obtained from the U. S. Government Printing Office, Washington, D. C., at 40 cents a copy.)

On the two following pages is presented an analysis of the Bankruptcy statistics for each of the Judicial Districts of the United States, computed for the Credit Monthly from the Attorney General's Report.

Attorney's fees listed in the fifth and sixth columns on pages 20 and 21 of this issue are included under "Total Administrative Fees and Expenses" in the third and fourth columns.

The figures on this page and on the following pages include those for Alaska, Hawaii, and Porto Rico.

Credit Monthly readers will find interest in comparing this analysis with a similar analysis of the bankruptcy statistics for the fiscal year ended June, 1928, printed in the February, 1929, issue of the Credit Monthly.

JANUARY, 1930

SUMMARY FOR THE UNITED STATES		Voluntary	Involuntary	Total
<b>A. Cases pending, concluded, etc.:</b>				
1. Pending at close of previous year.....	41,404	17,162	58,556	
2. Filed during year.....	51,990	5,350	57,280	
3. Concluded during year, including petitions dismissed and compositions confirmed.....	60,975	6,064	57,039	
4. Pending close of year.....	42,359	16,438	58,797	
5. Petitions dismissed.....	1,191	561	1,752	
6. Compositions confirmed.....	288	526	814	
<b>Nature of business of bankrupt in cases concluded (including petitions dismissed and compositions confirmed):</b>				
7. Farmer.....	4,931	15	4,946	
8. Wage earner.....	25,478	98	25,576	
9. Merchant.....	9,949	4,076	14,025	
10. Manufacturer.....	776	672	1,448	
11. Professional.....	1,264	90	1,354	
12. Other classes.....	8,577	1,113	9,690	
13. Total.....	50,975	6,064	57,039	
<b>B. Liabilities:</b>				
1. Represented by priority, secured, and lien claims.....	\$170,632,235.66	\$66,415,275.44	\$237,047,511.10	
2. Represented by unsecured claims which have been proved and allowed.....	162,282,544.85	180,835,584.64	343,118,129.49	
3. Represented by unsecured claims, as shown by schedules, which have not been proved.....	256,543,688.47	46,596,336.80	303,440,025.27	
4. Total.....	589,458,468.98	294,147,196.88	883,605,665.86	
<b>C. Amounts realized:</b>				
1. Total amount realized or received by marshals, receivers, trustees, and referees.....	41,178,281.39	70,512,022.84	111,691,304.23	
2. Total amount disbursed in conduct of business.....	2,763,643.00	19,963,545.07	22,727,188.07	
3. Net amount realized.....	38,414,638.39	50,549,477.77	88,964,116.16	
<b>D. Distribution of net assets as shown above (C 3):</b>				
1. Fees and expenses of administration, as analyzed below.....	7,674,295.92	12,275,110.34	19,949,406.26	
2. Paid to bankrupt on account of or in lieu of exemptions.....	522,434.18	205,780.51	728,214.69	
3. Paid to priority, secured, and lien creditors.....	16,705,385.50	13,894,635.86	30,599,021.36	
4. Paid to general creditors.....	12,953,620.71	22,799,822.47	35,753,443.18	
5. Other payments.....	423,473.69	1,090,364.62	1,513,838.31	
6. Undistributed balance, if any.....	135,528.39	313,754.97	449,283.36	
7. Total.....	38,414,638.39	50,549,477.77	88,964,116.16	
<b>E. Analysis of fees and expenses of administration:</b>				
1. Paid to referee on account of fees of every nature, excluding filing fees paid by clerk of court—				
(a) Commissions and 25-cent fees for filing claims.....	368,024.17	415,584.91	783,609.08	
(b) Fees as special masters, if any.....	20,535.71	52,490.41	73,026.12	
(c) Other fees, if any.....	43,414.63	29,089.09	72,503.72	
2. Paid to referee on account of expenses—				
(a) For printing and advertising.....	189,505.38	33,912.98	223,418.36	
(b) For traveling expenses.....	25,228.85	6,177.88	31,406.73	
(c) For office, clerical, and all other expenses.....	710,012.54	363,934.45	1,073,946.99	
3. Paid to marshals, receivers, and trustee on account of commissions, excluding filing fee of \$5.....	1,168,178.38	1,515,266.98	2,683,445.36	
4. Paid to attorneys on account of fees.....	2,555,661.78	4,466,120.27	7,021,782.05	
5. All other expenses of administration.....	2,593,734.48	5,392,574.37	7,986,308.85	
6. Total.....	7,674,295.92	12,275,110.34	19,949,406.26	
<b>F. Other data pertaining to property administered:</b>				
1. Appraised value of exemptions set off to bankrupt in kind.....	17,083,340.31	996,820.73	18,080,161.04	
2. Appraised value of property securing debts of bankrupt which was not administered in bankruptcy court.....	20,048,370.98	6,352,758.92	26,401,129.90	
3. Filing fees paid by clerk of court to referee.....	687,962.91	80,724.30	768,687.21	
<b>G. No-asset cases included in this report:</b>				
1. Number of cases.....	34,327	1,245	35,572	
2. Total fees and expenses of referee (see E) in such no-asset cases.....	\$448,003.49	\$23,807.12	\$472,410.61	
<b>H. Number of cases concluded, which were filed in forma pauperis, and in which filing fees were not afterwards paid.....</b>				
	3,620		3,620	

# Analysis, by the Credit Monthly, of the United States Bankruptcy

State	District	Cases Concluded	Net Amount Realized	TOTAL ADMIN. FEES AND EXPENSES		ATTORNEYS' FEES		PAID FOR CREDITORS	
				Amount	Per cent. of Amt. Realized	Amount	Per cent. of Amt. Realized	Amount	Per cent. of Amt. Realized
Alabama	Northern	2,085	\$2,539,503.11	\$144,773.60	5.70	\$47,229.97	1.86	\$1,821,280.63	71.71
	Middle	362	181,121.80	31,046.61	17.14	12,823.05	7.08	84,591.20	46.70
	Southern	190	62,611.79	11,874.56	18.96	4,608.61	7.36	8,130.02	12.90
Alaska	First Div.	5	4,618.74	1,055.24	22.85	636.60	13.77	2,498.10	54.11
Arizona		63	664,380.57	49,576.26	7.46	20,938.03	3.15	589,052.14	88.60
Arkansas	Eastern	369	402,819.79	68,988.09	17.13	15,625.13	3.88	117,088.84	29.06
	Western	115	122,403.05	21,823.92	17.83	6,625.00	5.41	41,905.82	34.24
California	Northern	1,753	2,241,985.24	559,590.10	24.96	263,901.01	11.77	726,387.47	32.39
	Southern	1,908	2,471,057.02	621,952.50	25.17	185,004.75	7.49	843,297.52	34.17
Colorado		426	331,451.30	51,995.31	15.69	9,466.33	2.86	219,851.08	66.31
Connecticut		670	1,133,544.25	220,737.15	19.47	56,259.91	4.96	461,888.56	40.73
Delaware		32	153,422.64	30,629.14	19.96	10,514.20	6.85	92,335.50	60.23
District of Columbia		169	238,322.29	57,895.85	24.33	22,193.10	9.52	89,420.21	37.51
Florida	Northern	29	31,067.69	5,771.43	18.58	1,727.90	5.56	6,299.74	20.24
	Southern	605	1,062,125.77	193,116.95	18.18	45,571.66	4.29	385,902.11	36.33
Georgia	Northern	1,149	657,384.75	149,573.52	22.75	71,710.64	10.91	131,837.08	20.05
	Middle	725	752,789.45	129,462.31	17.19	56,680.23	7.53	275,150.81	36.53
	Southern	445	422,954.82	93,770.12	22.17	26,357.37	6.23	207,307.75	49.01
Hawaii		104	158,549.85	30,432.31	19.19	9,597.60	6.05	50,152.39	31.63
Idaho		260	34,417.57	12,643.03	36.73	3,367.63	9.79	5,671.74	16.47
Illinois	Northern	2,250	4,830,583.61	1,205,120.49	24.95	541,433.04	11.21	1,824,037.10	37.76
	Eastern	705	616,809.05	138,319.68	22.42	57,943.98	9.39	154,953.14	25.12
	Southern	823	1,250,376.75	204,871.74	16.39	85,122.04	6.81	639,725.51	51.16
Indiana	Northern	390	934,717.21	182,979.69	19.58	57,012.39	6.09	20,062.57	2.15
	Southern	301	442,012.39	89,710.42	20.29	22,230.82	5.03	232,279.35	52.55
Iowa	Northern	448	1,022,224.09	138,157.16	13.56	46,360.70	4.54	538,922.35	52.72
	Southern	661	744,100.10	106,000.29	14.25	40,158.73	5.39	384,330.05	51.65
Kansas		666	452,466.04	90,644.75	20.03	29,112.74	6.43	207,249.70	45.89
Kentucky	Eastern	622	592,731.13	84,143.27	14.19	28,723.98	4.85	340,527.60	57.45
	Western	1,238	594,074.98	132,864.31	22.36	34,429.99	5.79	312,185.95	52.55
Louisiana	Eastern	247	150,816.58	49,152.36	32.59	18,076.77	11.99	73,828.52	48.93
	Western	287	559,297.22	60,451.99	10.81	15,735.60	2.81	375,395.10	67.12
Maine		832	787,826.55	139,872.80	17.76	21,152.64	2.68	232,572.05	29.52
Maryland		375	1,087,199.38	201,130.32	18.49	71,994.44	6.62	376,517.33	34.64
Massachusetts		2,550	5,162,241.62	1,725,979.72	33.43	452,533.37	8.96	1,374,869.16	26.63
Michigan	Eastern	1,085	2,638,101.52	591,879.80	22.06	245,037.83	9.25	529,767.77	20.08
	Western	451	315,806.98	100,770.10	31.91	39,564.68	12.53	87,481.31	27.70
Minnesota		2,010	702,760.82	261,951.41	37.27	91,866.44	12.31	79,581.45	11.32
Mississippi	Northern	141	144,995.99	35,914.12	24.78	14,021.33	9.68	32,119.87	22.15
	Southern	223	141,641.59	39,863.16	28.14	13,342.12	9.42	32,113.76	22.67
Missouri	Eastern	570	2,084,413.69	286,934.70	13.77	119,595.15	5.74	1,049,767.72	50.36
	Western	1,201	1,036,282.35	299,844.26	28.96	115,138.07	11.11	235,673.69	22.74
Montana		379	1,147,090.74	117,788.98	10.27	54,564.02	4.76	35,183.69	3.07
Nebraska		684	1,830,613.48	380,213.96	20.72	92,976.56	5.07	662,069.09	36.16
Nevada		24	11,473.05	4,381.33	38.19	1,579.37	13.76	2,344.19	20.42
New Hampshire		135	164,484.51	31,109.35	18.91	6,512.49	3.96	27,718.18	16.85
New Jersey		1,041	\$2,493,929.24	626,584.64	25.11	222,611.43	8.93	1,233,491.98	49.46
New Mexico		84	293,614.92	59,584.61	20.29	16,000.51	5.45	129,323.72	44.05
New York	Northern	1,007	1,161,379.22	375,673.47	32.35	188,218.59	16.21	299,212.95	25.76
	Eastern	1,220	2,080,260.47	411,428.15	19.78	143,073.95	6.88	293,997.01	14.13
	Southern	2,241	11,960,148.11	3,963,623.48	33.14	1,438,026.94	12.02	1,498,904.51	12.53
	Western	1,016	1,203,941.13	311,691.64	25.89	101,626.26	8.44	177,852.24	14.77
North Carolina	Eastern	176	590,391.46	61,440.47	10.41	17,013.52	2.88	309,467.74	52.42
	Middle	27	174,270.36	14,212.33	8.16	4,612.13	2.65	126,860.10	72.79
	Western	114	254,726.20	41,861.36	16.43	11,699.36	4.59	70,379.30	27.63
North Dakota		452	146,374.16	49,917.35	34.10	16,557.12	11.31	16,207.45	11.07
Ohio	Northern	2,303	3,230,966.87	661,580.11	20.17	217,518.50	6.73	1,466,565.92	45.39
	Southern	1,111	1,245,805.74	164,307.74	13.19	65,961.28	5.29	375,547.55	30.14
Oklahoma	Northern	244	136,314.81	43,182.56	31.68	12,809.27	9.39	30,779.27	22.58
	Eastern	239	968,523.77	140,680.75	14.52	52,422.38	5.41	535,070.14	55.25
	Western	257	584,165.21	93,910.64	16.08	35,457.95	6.07	279,782.81	47.80
Oregon		1,277	446,974.98	115,906.74	25.93	41,730.93	9.34	130,879.75	29.28
Pennsylvania	Eastern	775	2,581,871.62	740,074.36	28.66	317,481.78	12.29	806,856.61	31.25
	Middle	443	1,806,216.44	302,221.84	16.73	93,805.52	5.19	812,152.67	44.96
	Western	639	2,854,803.51	636,415.20	22.29	188,057.55	6.59	901,265.59	31.57
Porto Rico		30	47,319.38	10,306.05	21.78	1,919.00	4.06	11,969.87	25.29
Rhode Island		179	230,385.73	57,285.01	24.86	8,514.11	3.69	47,835.29	20.76
South Carolina	Eastern	143	1,060,486.89	128,129.98	12.08	45,209.36	4.26	359,608.27	33.91
	Western	96	234,577.93	27,349.60	11.69	8,483.50	3.66	74,906.35	31.93
South Dakota		250	1,243,587.22	162,471.07	13.06	81,377.85	6.54	366,231.31	29.45
Tennessee	Eastern	1,081	294,069.24	51,291.00	17.44	22,314.40	7.59	83,386.17	28.36
	Middle	1,017	519,401.30	92,072.06	17.73	29,281.75	5.64	243,017.40	46.79
	Western	86	364,903.08	118,158.47	35.07	51,960.79	14.24	99,262.56	24.46
Texas	Northern	397	1,563,659.14	305,225.66	19.52	101,416.94	6.49	669,545.97	42.82
	Eastern	223	594,700.13	76,778.75	12.91	21,178.35	3.54	273,439.28	45.96
	Southern	203	511,187.73	62,494.37	12.23	18,059.59	3.53	264,555.97	51.75
	Western	227	952,035.36	80,817.28	8.49	28,105.13	2.95	644,243.06	67.67
Utah		297	89,894.27	27,759.77	30.88	6,934.50	7.71	21,358.22	23.76
Vermont		211	188,734.95	20,732.81	10.98	5,522.45	2.98	22,545.37	11.95
Virginia	Eastern	1,278	598,816.67	98,508.99	16.45	22,056.77	3.68	212,917.61	35.58
	Western	915	322,740.23	66,928.76	20.77	12,981.05	4.02	158,266.04	49.04
Washington	Eastern	332	125,942.27	19,418.26	15.42	6,977.44	5.54	76,160.62	60.42
	Western	1,119	249,906.43	78,033.83	31.22	31,162.33	12.47	79,076.72	31.66
West Virginia	Northern	386	456,349.53	101,646.26	22.29	21,727.95	4.76	266,770.28	58.45
	Southern	590	646,733.14	81,454.23	12.59	15,271.48	2.36	376,343.19	58.19
Wisconsin	Eastern	1,095	731,902.96	148,862.59	20.34	64,724.97	8.84	173,013.03	23.64
	Western	608	592,803.92	125,818.57	21.23	42,593.56	7.19	214,367.30	36.16
Wyoming		68	17,627.53	6,807.29	38.05	2,265.80	12.84	2,724.26	15.45
<b>Totals</b>		<b>57,039</b>	<b>\$88,964,116.16</b>	<b>\$19,949,406.26</b>	<b>22.42</b>	<b>\$7,021,782.05</b>	<b>7.89</b>	<b>\$30,570,021.36</b>	<b>34.36</b>

(See previous page)



# Bankruptcy Statistics—Fiscal Year Ended June 30, 1929

Per cent. Liabilities Paid	Per cent. Liabilities Paid	PAID GENERAL CREDITORS		Per cent. Liabilities Paid	PAID CREDITORS ALL CLASSES		Per cent. Liabilities Paid			
		Amount	Per cent. of Proceeds		Amount	Per cent. of Proceeds				
Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities	Liabilities			
71.71	\$2,103,671.47	86.57	\$496,107.26	15.59	\$4,074,470.61	12.17	\$2,317,387.89	87.31	\$6,180,142.08	37.49
46.78	399,674.82	21.16	39,855.48	22.00	994,975.59	4.01	124,446.68	68.70	1,394,650.41	8.92
12.90	252,836.03	3.22	35,573.93	56.82	633,130.43	5.62	43,703.95	69.80	885,976.46	4.93
54.11	2,498.10	100.00	1,008.65	21.83	22,973.34	4.39	3,506.75	75.94	25,471.44	13.76
88.40	1,488,723.74	39.57	25,497.80	3.84	1,242,624.03	2.05	614,549.94	92.50	2,731,347.84	22.49
29.46	2,406,500.90	4.87	211,720.01	52.56	3,580,488.93	5.91	328,808.85	81.62	5,986,989.83	5.49
34.24	452,067.19	9.27	46,638.90	38.10	778,828.78	5.99	88,544.72	72.34	1,230,895.97	7.19
32.39	6,666,303.98	10.89	938,359.84	41.86	16,290,379.21	5.76	1,664,747.31	74.24	22,956,683.19	7.25
34.17	13,023,225.02	6.48	897,536.26	36.32	29,814,732.47	3.01	1,740,833.78	70.49	42,837,957.49	4.06
66.33	1,199,500.21	18.33	55,053.15	16.61	2,813,755.87	1.96	274,904.23	82.94	4,013,256.08	6.85
40.73	2,126,700.57	21.72	440,896.73	38.89	8,031,768.01	5.49	902,785.29	79.64	10,158,468.58	8.89
60.25	156,397.16	59.04	29,744.72	19.39	549,222.60	5.42	122,080.22	79.64	705,619.76	17.30
37.82	864,651.58	10.34	89,758.04	37.66	3,178,314.40	2.82	179,178.25	75.18	4,042,965.98	4.43
20.21	18,935.60	33.25	14,604.60	47.01	154,959.29	9.42	20,904.34	67.25	173,894.89	11.45
36.33	8,059,756.28	4.79	452,428.77	42.59	14,813,331.11	3.07	838,330.88	78.92	22,873,087.39	3.67
20.85	923,594.55	14.27	355,805.26	54.12	7,015,138.02	5.07	487,642.34	74.17	7,938,732.57	6.14
36.55	1,549,497.69	17.71	336,994.90	44.77	3,884,715.34	8.68	612,145.71	81.32	5,434,213.03	11.26
49.81	1,737,113.51	11.93	95,893.08	22.67	3,229,956.00	2.97	303,200.83	71.68	4,967,069.51	6.10
31.63	129,738.82	38.66	77,425.30	48.83	980,122.53	7.89	127,577.69	80.46	1,109,861.35	11.49
16.47	520,843.62	1.09	13,642.05	39.63	1,085,215.82	1.26	19,313.79	56.10	1,606,059.44	1.20
37.76	15,250,137.60	11.96	1,690,403.86	34.99	39,504,012.38	4.28	3,514,440.96	72.75	54,754,149.98	6.42
25.12	2,509,630.82	6.17	305,243.79	49.49	4,959,397.02	6.15	460,196.93	74.61	7,469,027.84	6.15
51.16	2,241,164.59	28.54	374,913.65	29.98	5,449,744.01	6.88	1,014,639.16	81.14	7,690,908.60	13.19
2.15	1,674,723.82	1.19	332,617.77	35.48	5,079,913.48	6.55	352,680.34	37.63	6,754,637.30	5.22
52.85	1,544,063.31	15.04	95,574.56	21.62	3,211,586.91	2.98	327,853.91	74.17	4,755,650.22	6.89
52.72	3,455,327.94	15.57	332,427.81	32.52	6,198,654.30	5.36	871,350.16	85.24	9,653,982.24	9.03
51.65	5,924,802.69	6.49	242,726.74	32.62	7,176,069.86	3.38	627,056.79	84.27	13,100,872.55	4.79
45.80	876,038.52	23.66	141,971.94	31.38	4,324,410.46	3.28	349,221.64	77.18	5,200,448.98	6.71
57.45	1,640,480.45	20.76	158,278.12	26.70	2,833,880.60	5.59	498,805.72	84.15	4,474,361.05	11.15
52.55	1,116,816.90	28.04	125,304.06	21.09	3,126,671.87	4.01	437,490.01	73.64	4,243,488.77	10.31
48.95	399,521.90	18.48	25,719.86	17.05	1,245,444.05	6.00	99,548.18	66.00	1,644,965.95	6.05
67.12	1,396,985.37	26.87	115,803.74	20.71	2,575,536.61	4.49	491,198.84	87.83	3,972,551.98	12.37
29.52	1,866,073.56	12.47	410,509.63	52.12	3,893,164.34	10.55	643,081.68	81.64	5,759,237.90	11.17
34.44	756,288.95	49.78	491,290.49	45.37	4,741,437.97	10.36	867,807.82	80.01	5,507,726.92	15.76
26.63	10,471,736.34	13.13	1,941,719.09	37.81	36,898,390.69	5.26	3,316,588.23	64.44	47,370,127.03	7.00
20.08	5,034,350.24	10.52	1,468,605.87	55.67	14,026,796.11	10.47	1,998,373.64	75.75	19,061,146.35	10.48
27.78	622,063.58	14.06	122,117.95	38.38	3,058,972.62	3.99	209,599.26	66.08	3,681,036.19	5.69
11.32	4,612,569.01	1.75	357,480.96	50.86	10,927,947.37	3.27	437,062.41	62.18	15,540,516.38	2.81
22.15	1,453,316.70	2.21	72,248.32	49.85	7,439,086.55	.97	104,368.19	72.00	8,892,403.25	1.17
22.67	961,098.09	3.34	66,390.45	46.87	1,568,624.34	4.23	98,504.21	69.54	2,529,722.43	3.89
50.36	4,307,945.24	24.37	549,986.12	26.39	7,122,334.64	7.72	1,599,753.84	76.75	11,430,279.88	13.99
22.74	4,140,043.47	5.69	479,576.67	46.28	8,720,934.08	5.49	715,250.36	69.02	12,860,978.55	5.56
3.07	1,405,285.45	2.50	568,430.91	49.56	4,503,125.71	12.62	603,614.60	52.63	5,908,411.16	10.22
36.16	1,914,068.70	34.59	533,741.36	29.16	5,670,322.16	9.40	1,195,810.45	65.32	7,584,390.86	15.77
20.42	41,714.61	5.62	3,603.05	31.41	253,812.38	1.42	5,947.24	51.83	295,526.99	2.01
16.83	444,836.57	6.23	104,524.82	63.55	1,121,253.32	9.32	132,243.00	80.40	1,566,089.89	8.44
49.46	15,134,761.52	8.15	563,295.43	22.59	16,959,267.25	3.33	1,796,787.41	72.05	32,093,928.77	5.59
22.44	1,212,806.70	10.66	101,297.53	34.50	4,409,822.14	2.29	230,621.25	78.55	5,622,628.84	4.09
25.76	3,584,684.90	8.35	472,559.85	40.69	7,655,522.86	6.09	771,772.80	66.45	11,240,207.76	6.87
14.13	5,373,975.85	5.47	1,369,741.67	65.84	27,114,237.43	5.05	1,663,738.68	79.97	32,488,213.28	5.12
12.53	15,576,190.93	9.62	6,280,932.66	52.52	88,152,535.95	7.13	7,779,837.17	65.05	103,728,726.88	7.50
14.77	3,853,850.83	4.61	711,656.21	59.11	25,629,259.92	2.78	889,508.45	73.88	29,483,110.75	3.02
52.42	1,432,344.95	21.61	201,352.65	34.10	4,480,826.65	4.49	510,820.39	86.52	5,913,171.60	8.64
72.79	332,864.78	38.11	29,442.81	16.89	296,915.49	9.92	156,302.91	89.68	629,780.27	24.82
0	346,527.94	20.31	129,478.03	50.83	1,379,384.36	9.39	199,857.33	78.46	1,725,912.30	11.58
27.63	2,910,093.01	.56	76,294.57	52.12	3,384,849.41	2.25	92,502.02	63.19	6,294,942.42	1.47
5	6,603,134.12	22.21	1,046,204.75	32.35	22,836,157.58	4.58	2,502,770.67	77.74	29,439,291.70	8.50
2	7,082,650.58	5.30	682,647.18	54.81	9,356,377.67	7.29	1,058,494.73	84.95	16,439,028.25	6.44
7	655,686.88	4.69	61,825.80	45.35	1,695,452.08	3.65	92,605.07	67.93	2,351,138.96	3.94
4	1,368,205.43	39.11	290,968.85	30.03	5,587,934.26	5.21	826,038.99	85.28	6,956,139.69	11.87
1	605,880.62	48.18	209,621.84	35.88	3,091,055.36	6.46	489,404.65	83.77	3,696,935.98	13.24
5	1,958,122.29	6.68	196,313.04	43.92	5,934,897.39	3.31	327,192.79	73.20	7,893,019.68	4.14
31	10,668,996.96	7.56	976,371.65	37.82	18,973,674.51	5.15	1,783,228.26	69.07	29,642,671.47	6.02
7	1,808,824.34	44.90	674,485.09	37.34	8,058,633.66	8.37	1,486,637.76	82.30	9,867,458.00	15.07
9	5,300,417.48	17.00	1,229,309.21	43.06	16,162,009.27	7.61	2,130,574.80	74.63	21,462,426.75	9.46
25.29	14,015.65	85.39	24,829.64	52.47	394,482.35	6.29	36,799.51	77.76	408,498.00	9.01
29	67,914.47	70.43	118,483.41	51.43	1,719,817.64	6.89	166,318.70	72.19	1,787,732.11	9.29
27	1,673,931.56	21.48	557,107.75	52.53	4,568,188.34	12.19	916,716.02	86.44	6,242,119.90	14.66
35	537,087.34	13.95	121,200.94	51.67	1,427,985.54	8.49	196,117.29	83.60	1,965,073.18	9.98
31	2,421,713.11	15.16	683,799.10	54.99	4,776,246.12	14.32	1,050,030.41	84.44	7,197,959.23	14.73
17	1,479,083.53	5.64	156,576.71	53.24	2,652,256.55	5.90	239,962.88	81.60	4,131,340.08	5.81
40	1,189,016.53	20.44	181,055.23	34.86	4,062,638.08	4.45	424,072.63	81.65	5,251,654.61	8.07
56	760,799.86	13.05	135,423.32	39.86	2,579,148.68	5.25	234,685.88	64.32	3,339,948.54	7.02
97	3,237,885.30	20.69	475,988.89	30.44	6,573,838.07	7.26	1,145,534.86	73.26	9,811,723.37	11.68
28	730,961.96	37.41	243,688.12	40.96	2,222,782.63	10.96	517,127.40	86.92	2,953,744.59	17.58
97	911,665.45	29.02	181,389.99	35.49	2,276,513.08	7.97	445,945.96	87.24	3,188,178.53	13.99
96	1,578,701.22	40.81	225,501.56	23.69	4,136,686.19	5.45	869,744.62	91.36	5,715,387.41	15.22
22	414,325.75	5.15	39,629.89	44.08	2,232,228.60	1.78	60,988.11	67.84	2,646,554.35	2.30
37	284,595.07	7.92	137,914.07	73.07	638,122.58	21.61	160,459.44	85.02	922,717.65	17.39
61	2,339,910.62	9.09	280,103.31	47.09	6,257,166.42	4.51	494,927.92	83.44	8,597,077.04	5.76
94	1,763,082.95	8.98	91,773.99	28.44	3,962,039.44	2.32	250,040.03	77.48	5,725,122.39	4.37
62	683,709.37	11.14	26,975.87	21.42	1,107,087.23	2.44	103,136.49	82.04	1,790,796.60	5.76
72	1,435,482.56	5.51	86,664.90	34.68	5,150,431.77	1.69	165,741.62	66.34	6,585,914.33	2.52
28	1,392,420.09	19.16	87,049.25	19.08	2,278,355.48					





## The Texas Cattle Industry

*Frank A. Briggs, Editor of Farm and Ranch, Dallas, a widely known authority, describes a business of vital interest to all who are selling or intend to sell in Texas.*

*On the success or failure of a cattle season may depend the credit capacity of countless merchants in a cattle district.*

**T**HE cattle industry of Texas has formed the background for many books of exciting stories. Miles of celluloid have been consumed in depicting real and imaginary scenes on western ranges. The youth of the country still dream of a wild and free life on western ranches and not a few of the older citizens in eastern and northern States are unaware of the fact that civilization has extended its influence to the extreme borders of the country—that longhorns no longer roam the plains or that ranchmen and cowboys have discarded the six gun and now conduct the business of raising and merchandising cattle in the most approved and modern manner.

The cattle industry in Texas was laid on a foundation of a few longhorn animals brought to America by the Spanish explorers. Many of these animals escaped and multiplied their kind until the prairies of the west became thickly dotted with herds of wild cattle. This was the beginning of the cattle industry, and for years great herds were driven over long trails to market or hauled in train loads to consuming centers. Thus did the idea that all Texas

cattle are longhorns become thoroughly established in the minds of the people of the country. Although cattle of this breed and type have entirely disappeared, a steer on a rampage from the stockyards in Chicago is always dubbed a wild Texas longhorn by the reporters, even though it may have been a shorthorn from an Iowa farm.

### The Industry Increasing

The livestock industry of Texas is again becoming of material importance as a factor in the development of prosperity both urban and rural. It has recovered from the almost disastrous deflation period of a few years ago and is building back on a more permanent foundation. Today Texas has a greater number of livestock of a greater farm value than any other State in the Union. All told, poultry excluded, there are on Texas ranches and farms nearly 17,000,000 head of livestock of a total farm value of over \$500,000,000. Farm and ranch income from livestock and livestock products is increasing rapidly from year to year, and although recent statistics are not available, it is conservatively estimated to amount to between \$350,-

000,000 and \$400,000,000 annually. Farm animals in Texas are classified as follows:

Dairy cattle .....	1,020,000
All other cattle .....	4,750,000
Hogs .....	1,375,000
Sheep .....	5,052,000
Goats .....	2,750,000
Horses .....	780,000
Mules .....	1,021,000
Total .....	16,748,000

Most significant changes are being made in the livestock and agricultural programs of the State. Texas breeders and producers of feeder cattle have been accustomed to shipping approximately 1,000,000 head to the corn belt States annually. These feeders furnish a market for northern grown feedstuffs; the fertility coming from these crops is returned to the soil. The animals are finished, marketed and some of the beef returned to Texas in refrigerator cars.

Through a number of years of experimenting with Texas grown feedstuffs a correct and balanced ration composed almost entirely of our own farm products has been discovered for every class and age of meat animals. It has been learned that baby beeves, lambs and hogs can be finished to as fine a point in Texas as in the corn belt, and at much less expense. This information is being broadcast by various agencies and a most surprising rate of progress is being made in making the production and the feeding of livestock on Texas farms one of the major projects.

There was a time in the history of agriculture and of livestock in Texas, (Continued on page 28)

**CREDIT MONTHLY**

# Burroughs



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JANUARY, 1930

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## The Air Mail Tempo

(Continued from page 8)

of the Postmaster General and the four Assistant Postmasters General. A re-allocation of postal services among the bureaus of the four Assistants has been made. The First Assistant assumes the additional task of directing the Division of Rural Delivery. As the problems of rural delivery are not essentially different from the problems of city and village delivery, it is felt that this move will bring about better co-operation be-

tween rural carriers and the postmasters to whose offices they are attached. At the same time a clearing house for delivery services will be established, with probable resultant improvements in every branch of the delivery system.

"The Division of Cost Ascertainment has been placed under the direction of the Third Assistant who is now in charge of accountancy and fiscal affairs. The Post Office Department has an accounting and financial division which is a distinct unit, as in a business organization. As Third Assistant we secured a man whose years of accomplishment have been in solving major business problems. We were indeed fortunate to obtain his services and thus furnish the Post Office with one of the best accounting and financial minds in the country.

"This description of two of our re-allocation plans will give you an idea of the scientific, business-like program upon which postal reorganization will be effected. A business organization could not attack its problems with more sound principles in force than the Post Office Department is relying upon."

With these far-looking and far-reaching re-organization plans under way, the Postmaster General is still faced with a difficult obstacle. The deficit is mounting each day. Many of the changes will have to wait upon slow legislative action. Expeditionness in results cannot be achieved as in a business organization. I asked the Postmaster General his opinion on this situation.

"The obstacles that you have pointed out do exist," he answered, "and we are facing the situation in this attitude of mind. We can administer the 50,000 post offices of the country with efficiency and economy. In this connection we have a staff of investigators at work with the object of determining efficiency ratings for all post offices. We hope to derive the correct index ratio by which the efficiency of all offices can be rated. As rapidly as a survey of one office is completed these inspectors will be assigned to another office. There will be a mutual comparison and exchange of ideas and experiences. There are no obstacles in our way in accomplishing results through plans of this kind.

## Discounts on Purchases

"Our methods of purchasing commodities and equipment are being improved daily. Prompt inspection and report on supplies enable us to take advantage of cash discounts. In the last fiscal year \$41,366.83 were taken in cash discounts. We plan to increase this discount gain. While some of the plans may be impeded and retarded through factors over which we have no control, factors which we *do* control will be made effective with the greatest possible speed."

Executives who read Mr. Brown's description, given orally, of his plans for postal re-organization will recognize his ability as a thinker. The ordinary thinker sees every detail separately, and cannot grasp the complete unit which all of these details make up. The master thinker has a mind that sees all of the parts together, both as a unit and as separate elements. With the executive calibre of the present Postmaster General it would seem that there is not the slightest doubt that for the first time the United States Postal System will be placed on a modern, scientific, business basis. When I made a remark to that effect, the Postmaster

### WANTED

Experienced inside collection bureau man to set up and manage a new credit men's collection bureau. Exceptional opportunity. State Age, experience, references and salary desired.

### POSITION WANTED

Married man, age 30, graduate of public school and also graduate of the Academic and Law School of the University of Georgia, who has been interested in investigation work for some years, reporting insurance risks, is desirous of connecting in the credit department of some large institution. Present salary \$250 per month and bonus. Can furnish highest credentials and recommendations. Address care of National Association of Credit Men.

## "He has an honest face"



Extensions of credit based on the happy arrangement of a man's features are largely things of unpleasant memory. Nowadays an honest countenance does not necessarily indicate an ability to meet one's obligations.

In placing insurance with agents of the Aetna Fire Group, your clients base their choice not on an agent's smiling face, but far better, on an enviable record for the prompt settlement of just claims. They receive sound protection.



Aetna  
Insurance Company  
The World Fire and Marine Insurance Company  
The Century Indemnity Company  
HARTFORD, CONNECTICUT

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CREDIT MONTHLY



General smiled in his genial, likeable way, and said:

"We can never be sure of results in life or business until they are concrete and crystallized. 'The best laid plans of mice and men' often go astray. We have every confidence that we shall achieve highly satisfactory results, but history can never be written until it is made. That reminds me of a story that illustrates the principle of uncertainty in expectation of results.

"A naturalist evolved the theory that a pet fish, by careful training, could be schooled to live out of water. The naturalist procured a fish and kept it in a bowl of water. Every day he took the fish out of the bowl for a time, gradually increasing the out-of-water periods, until it could be kept out for hours at a time. Eventually the fish learned to stay out of the water for days at a stretch. It wasn't long before the fish became greatly attached to its trainer, and wanted to be in his company constantly. One day the naturalist went out for a walk. The fish as usual went flopping along behind him. As the trainer was crossing a bridge over a river, the fish became frightened at the pranks of some small boys, flopped off the bridge, and was drowned."

## We Learned Retailing

(Continued from page 11)

writer's mind does not perform its greatest task, that is, convincing and satisfying the reader that what you say is correct and that your recommendations should be followed.

Credit executives can, by the means of Business Service, broaden their scope of activity and increase the value of their position to their company as well as raise the standard of their profession. The credit profession has wonderful potentialities through the medium of Business Service. I sometimes fear that many still look on credit managers as old crabs (it is a wonder if we are not) and the Credit Department as a necessary evil, a direct expense instead of a productive part and a business builder.

A few months ago I noticed in the CREDIT MONTHLY a page advertisement for the best sales-minded credit manager in the United States for a company doing many millions per year, the salary to be in line with the position. I feel sure that the use

of the description "sales-minded" meant that the man wanted was not one who would pass any order that came in, because it was a sale or because the Sales Department wanted it passed. They wanted their Credit Manager to have the sales viewpoint and business building ability as well as the credit viewpoint.

Many Credit Managers are, I fear, still allowing their companies to "stumble over a dollar to pick up a dime," by being merely desk Credit Managers, handling volumes of details that could be handled equally well by assistants, if the Department were properly set up and run. Such organization enables the Credit Manager to go into the territory and sell Business Service through personal contact with customers, and to become a real factor in increasing sales on a sound basis through a lessened turnover in customers by holding and building the customers already on the books.

To render Business Service, credit managers must be able to analyze the affairs of customers and act as diagnosticians and prescribers of remedies for business illness. In order

to do this efficiently, they must first train themselves and broaden their knowledge of business. They must secure the co-operation of the management and their fellow specialists such as the Sales Manager, the Advertising Manager, the Production Manager, Treasurer, Auditor, etc., not overlooking, of course, the salesmen individually, who should be the real co-operators. They must be students of economics, must study sources of income, crops, and market conditions in their territories, and the potentialities not always revealed by financial reports, or mere statistics.

All this requires a great deal of hard work. But nothing that is worth while is easily done. Carrying on a Business Service program, with its many difficulties, requires courage and the ability to stick to a purpose that is fundamentally sound. When some customers resent your trying to

**WRITE more EASILY**  
WITH **LISTO**  
**PENCILS and LEADS**  
*A Million Users Know Their Superiority*  
**LISTO PENCIL CORP., Dept. H., Alameda, Calif.**

Think that Fades  
has No Business  
In Business

for 71  
Years

**SANFORD'S**  
PREMIUM WRITING FLUID

Has Defied Time

Writes Bright Blue  
Turns Jet Black

**NEVER FADES**

See that Bent Spout

JANUARY, 1930

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pry into their affairs, you need tact and diplomacy and this necessarily means that the Credit Manager should be a student of psychology.

Business Service will not be successful with every customer, nor would it be practical to attempt to give this complete service to every customer on your books. But, by analysis and survey of the accounts that are capable of development on your books, a careful study of new credit applications received, and salesmen's reports, by visiting your customer's place of business, and getting conditions as they are in the field, you will find more material to work with than you have the time to devote to it.

## Death for Forgery

(Continued from page 13)

ing as the Doctor was given to it, was moved by the execution for forgery of a well-known banker of his day, Henry Fauntleroy, to write in a letter to his Quaker friend, Bernard Barton, in 1824:

"And now, my dear Sir, trifling apart, the gloomy catastrophe of yesterday morning prompts a sadder vein. The fate of the unfortunate Fauntleroy makes me, whether I will or no, to cast reflecting eyes around on such of my friends as by a parity of situation are exposed to a similarity of

temptation. . . . Who that standeth knoweth but he may yet fall? Your hands as yet, I am most willing to believe, have never deviated into others' property. You think it impossible that you could ever commit so heinous an offence. But so thought Fauntleroy once; so have thought many besides him, who at last have expiated, as he hath done. You are as yet upright. But you are a Banker, at least the next thing to it. I feel the delicacy of the subject; but cash must pass thro' your hands, sometimes to a great amount. If in an unguarded hour—but I will hope better. Consider the scandal it will bring upon those of your persuasion. Thousands would go to see a Quaker hanged, that would be indifferent to the fate of a Presbyterian, or an Anabaptist. Think of the effect it would have on the sale of your poems alone; not to mention higher considerations.

"I tremble, I am sure, at myself when I think that so many poor victims of the Law at one time of their life made as sure of never being hanged as I in my presumption am too ready to do myself. What are we better than they? Do we come into the world with different necks? It there any distinctive mark under our left ears? Are we unstrangeable?" I ask you. Think of these things. I am shocked sometimes at the shape of my own fingers, not for their resemblance to the ape tribe (which is something) but for the exquisite adaptation of them to the purpose of picking, fingering, etc. No one that is so framed, I maintain it, but should tremble."

Another of history's most noted forgers, Thomas Griffiths Waine-

wright, was—in the days when he was pursuing literary and artistic pursuits before his career of crime began in 1826—a friend of Lamb Wainwright, whom Oscar Wilde thought worthy of an essay (recently republished in Joseph Lewis French's "Book of the Rogue"), poisoned his sister-in-law, his uncle, his mother-in-law, and his sweetheart's father, to mention only a few of his victims, and yet it was for forgery that he was hanged at last, thirteen years after he had committed the offense of signing the names of two trustees to a power of attorney, which enabled him to obtain something over 2,000 pounds. It was when he was awaiting execution in prison that a visitor reproached him for his brutality in poisoning his young sister-in-law and he made the celebrated explanation, "Yes, but she had such thick ankles."

Burglary and theft are a ruffian's pursuits, but forgery has always been, as it is now, the fastidious man's game, the instrument of the clever practitioner of crime.

## Chellis A. Austin

**T**HE brilliant career of a Credit Department Manager who attained high position in the world of banking and commerce was brought to a close on December 13, 1929, by the sudden death of Chellis A. Austin, president of The Equitable Trust Company of New York.

Born in Vermont in 1876, Austin was educated in Canton, N. Y., and in New York City and was in the railroad business until he reached the age of 35. He then entered the Columbia Trust Company of New York as a new business solicitor.

He organized the Credit Department for the company and was later appointed Vice-President. He became President of the Mercantile Trust Company, which he helped to organize in 1917. With the merger of the Mercantile with the Seaboard in 1922, Austin became President of the Bank. His election as President of the Equitable Trust Company followed in September, 1929, when the Seaboard and Equitable were consolidated.

In addition to being President and Trustee of the Equitable, he was a director of the Prudential Insurance Company of America, the Bankers & Shippers Insurance Company and other important companies.

**CREDIT MONTHLY**

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## Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

**AGINS, (ISIDORE R.) and LIFSCHITZ (HARRY)**, formerly trading as Agins & Lifschitz, also Jersey Carnival Supply Company, 218 B'way, Bayonne, N. J.

**ALLEN, E. A.**, operating as Piedmont Radio Service, formerly at 4198 Piedmont Ave., Oakland, Calif. May be in Reno or some point further east.

**ALLEN, OWEN H.**, formerly doing business as Ohio Motor Co., Bucyrus, Ohio.

**ARCHIBALD, A. P. & SON**, formerly Sylvania, Ga. Believed to be in S. C.

**AYERBOOK, JOSEPH**, formerly of Easton, Pa.

**BANKER, A. P.**, undertaking, formerly located at Livingston, Montana.

**BANKS, ARCHIBALD C.**, in business with his brother-in-law in Holbrook, Mass. In 1927 partnership was severed, Banks continued alone until early in 1929. Prior to that was President of the Norwood Cash Grocery, Inc. Believed to have gone to North Carolina or Florida.

**BERG, HENRY**, 235 William St., N. Y.

**BLACKBURN, M.**, formerly operating the Sanitary Bakery, Seymour, Texas.

**BONNEVILLE, J.**, last known address 392 Pine St., Providence. Previous to that, located at Superior, Wis.

**BOSH, F. H.**, General Store, Rinehart, W. Va.

**BOWEN, FRANK F.**, Prop. Lorain Motor Sales, formerly at 7008 Lorain Ave., Cleveland.

**CATERINA, LOUIS**, 107-51 - 120th St., Richmond Hill, N. Y.

**CLARY, HUGH (DR.)**, Stewartville, Mo.

**COPELAND, VERNER L.**, formerly connected with Hollywood Sand and Gravel Company, Inc., and The National Truck Co., 1027 N. Orange Drive, Los Angeles.

**DILLON, J. E.**, Mifflintown, Pa., in the tinning and roofing business.

**DRESSER RADIO CORP.**, 564 Southern Blvd., N. Y.

**DRESSEL, BARNEY**, Garage, R.F.D., Thorp, Wis.

**DYE, B. F.**, formerly operating the Odessa Baking Co., Odessa, Texas, Good Eats Bakery, Rankin, also Stamford and Breckenridge, Tex.

**ENGEL, J. R.**, formerly of Hiawatha, Kansas & Blair, Nebr.

**FINNEY, C. C.**, operated as the Minot Tire & Valve Co., Minot, N. Dak.

**FREUND, MR.**, 23 E. 74th St., N. Y.

**GALLAGHER, PAUL J.**, in September, 1926, was interested in service station on State Road and Miller Ave., Upper Darby, Pa.

**GOLDEN LANTERN SHOPPE**, 7140 Exchange Ave., Chicago.

**HARASTANY, MICHAEL**, formerly 422 State St., B'klyn.

**HARRIS SALES CO.**, formerly of Beaumont, Texas.

**HAYNE, RICHARD P.**, 318 Greenwood Ave., B'klyn.

**HEAGY, WALTER J.**, formerly 1650 W. 11th St., B'klyn.

**HEDSTROM, T. R.**, formerly Taylor Falls and Red Wing, Minn.

**HINKHOUSE, EMERY**, Correctionville, Iowa.

**HURD, E. H.**, operated a bakery at Lamesa, Texas, supposed to have gone to San Angelo, Colorado, or Lubbock, Texas.

**IRWIN, JESSIE**, formerly operating the Irwin Glass & Supply Co., 2741 Sheffield Ave., Chicago, home address, 5648 North Kenton St., Chicago.

**JACKSON, J.**, formerly located at 4337 Lincoln Ave., Chicago.

**LE CATO, EDWIN L.**, formerly Audubon, N. J.

**LOOMIS, R. C.**, former owner of the Loomis Motor Co., Portage, Wis. Supposed to be in Chicago, working for a monument concern.

**LORRAINE GALLERIES**, formerly located at 910 North Charles T., Balto. Man by the name of Danton was believed to have been operating the same. Also believed to have been in business at 1615 Connecticut Ave., Wash., D. C., until Sept. 1st.

**LUCY SHOP, McCall, S. C.**, formerly at Laurinburg, N. C., also Danbury, Conn.

**MANION, MARTIN**, Washington, Nebr. or Sigourney, Iowa.

**MARLAND, F. W.**, General Manager, Sunbeam Mig. Co., 5350 Foraythe Ave., Detroit.

**MARTIN, R. E.**, Springville or Marion, Iowa.

**MATTES, CHAS. S.**, Prop., Seneca Shirt Co., 40 E. 170th St., N. Y.

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Shopper. "Too adorable! Of course I must have them; but they're much more than I can possibly pay. Just put them down to my account."

**McNEELY, W. B.**, formerly Post Office Box 576, Hereford, Texas, also Friona, Texas.

**MEYERS, M.**, Reliable Men's Shop, 846 Belmont Ave., Chicago.

**MODERN ART STUDIO**, 3311 N. Cicero Ave., Chicago.

**MORGAN, (W. H. & M. B.)** The Morgan Co., Painting contractors, Phoenix, Arizona.

**O'BRIEN BROS., (EDMUND A.) and (ALOY-SIUS)**, formerly engaged in the photographic supply business at 587 Columbus Ave., N. Y.

**O'CARA, BERNARD**, 63 Washington St., Bloomfield, N. J., sold his business on April 17th, 1929.

**O'HARA, PAT**, formerly a Golf Professional at

Waycross Golf Club, Waycross, Ga.

**OMANSKY, CHAS. A.**, Iselin Hardware Co., Iselin, N. J.

**RAMSEY, C. W.**, formerly of Minneapolis. Parents reside at Osceola, Wisc. Possibly in the garage or filling station business.

**REYNOLDS, WILLIAM T.**, Prop., Reynolds Electric Appliance Co. 5205 Atlantic Ave., Atlantic City.

**SAUNDERS, G. W.**, formerly 104 E. 57th St., N. Y.

**SCHWARTZBERG, A.**, formerly 1372 St. Marks Place, B'klyn.

**WHITTAKER, H. R.**, formerly Prop. Dauville Inn, Corsons Inlet, N. J.



# 1930

**N**EW companies will rise in the casualty and surety business. Some will wax strong, some will flicker, some will die early.

The veterans of the business with a background of experienced agents and adjusters and a reputation for paying their claims welcome competition.

It puts them on their mettle. They emerge, as the records will show, all the stronger, all the better for it.

## United States Fidelity and Guaranty Company

with which is affiliated the

## Fidelity and Guaranty Fire Corporation

BALTIMORE

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A branch or agency in every city and town of United States of America

JANUARY, 1930

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## Insurance Pointers

(Continued from page 15)

illustration, for instance, the property was worth \$12,000, but with the three-fourths value clause attached only \$9,000 in insurance was carried and paid for, and in the event of a total loss only \$9,000 could be collected, and in the event of a partial loss the full partial loss. However, with the three-fourths loss clause, if the value of the property were \$12,000 and a total loss occurred only \$9,000 could be collected. But if an \$8,000 loss occurred only three-fourths of that loss, or \$6,000 would be collected.

The assured assumes a considerable responsibility with the Iron Safe Clause. It is a warranty that the assured will maintain books and inventories and that he will produce them in case of a loss. The printed warranty which is made part of the policy stipulates that the assured must take a complete itemized inventory of stock on hand at least once a year, and if such an inventory has not been taken within twelve months it is necessary to have one taken within thirty days of the issue

of the fire insurance policy or else the policy will be null and void. Furthermore the assured agrees to keep a set of books which will plainly show a complete record of sales, shipments, etc. As a third stipulation he agrees to keep these books and inventories in a fire resistive safe at night and at all times when his building is not open for business. Failure to produce these books or inventories for inspection by the insurance company when there is a loss causes the policy to be void. Every safe is not a fire resistive safe, and it is well to check up on this point.

The functions of the co-insurance clause have been explained many times in the CREDIT MONTHLY and represent one of the fundamentals of fire insurance. Nevertheless, few business men seem to grasp the workings of the clause. A great many believe that under the 80 per cent. co-insurance clause, only 80 per cent. of the loss can be collected. This is incorrect. In accepting the co-insurance clause, sometimes known as the "reduced rate contribution clause," the assured agrees to keep his property insured up to a certain percentage of its value. If

this condition is complied with, the assured will collect all his losses in full, either partial or total, not exceeding the face amount of the policy. Take a practical example:

If property is valued at \$10,000 under the 80 per cent. co-insurance clause, the assured agrees to keep his property insured up to 80 per cent. of its value, or \$8,000. If there is a loss of \$5,000, he collects \$5,000, or any other amount of loss not exceeding the face amount of the policy of \$8,000. If a loss of \$9,000 or more occurs, only \$8,000 can be collected. The theory is that partial losses are more frequent than total losses, and therefore, it is not necessary to insure to full value. But if the assured fails to keep his promise and when a loss occurs has only \$5,000 in insurance instead of the \$8,000 which he agreed to carry, the insurance company will pay only according to the ratio the amount of the insurance, \$5,000, bears to the amount of insurance which the assured should have carried, \$8,000, or  $\frac{5}{8}$  of the loss. In the event of a \$5,000 loss, the insurance company would pay  $\frac{5}{8}$  or \$3,125, and the assured would have to stand the remaining  $\frac{3}{8}$ , or \$1,875.

C. T. Hubbard.

## Texas Cattle Industry

(Continued from page 22)

when the producers of livestock had little in common with the men who turned over good pasture sod for the purpose of growing crops. The old-time ranchman did not welcome the advent of the farmer and fought him off with every means at hand. Today most ranchmen are also farmers in that they produce large acreages of feedstuffs if they are located in sections where this can be done to advantage, and in some sections of the State the ranchmen are the best customers of farmers who produce feedstuffs. What is more significant, ranchmen are looking to the farmers of Central and East Texas to make a market for their feeder stock in order that they will not have to depend solely upon corn belt buyers.

To encourage and promote the finishing of Texas produced feeder cattle and lambs on Texas grown feeds, a Breeder-Feeder Association was recently organized and the first feeder show and auction ever held in the South was very successfully staged at the State Fair of Texas in October. Thus the producers of livestock and the producers of feedstuffs are being brought together to the profit of both.

Texas has suffered, as have all other agricultural sections, from a

(Continued from page 30)

CREDIT MONTHLY

## Collateral Supporting Your Accounts

The NATIONAL SURETY COMPANY is of the firm belief that business in the United States is fundamentally sound.

We are, also, of the firm belief that the recent drop in prices of securities in the Stock Market may, in some cases, indirectly affect the insolvency of mercantile establishments.

We are prepared to guarantee with certain limitations the solvency of your credit accounts for the future.

May we explain our plan?

## National Surety Company

WM. B. JOYCE, Chairman E. A. ST. JOHN, President W. L. CLEMENS, Vice-President

115 Broadway, New York

Agencies in All Principal Cities

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### New Director of Adjustment Bureaus

**W**ALTER C. FOSTER has been appointed, as of December 1, 1929, Director of the Adjustment Bureaus Department of the National Association of Credit Men by Stephen I. Miller, Executive Manager of the Association.

Mr. Foster is a Virginian who prepared for college at the Friends' School, Washington, D. C., took his college course at the University of Pennsylvania and studied law at Georgetown University. After his admission to the Virginia bar in 1910, he spent seven years in the general practice of law, handling a large number of commercial cases.

During a service of some years in the United States Department of Justice, Mr. Foster was engaged on a number of anti-trust and fraud investigations of major importance. He directed the work of a large number of government agents and accountants in various cases arising out of government contracts during the War. Later he had direct supervision of the offices of the Department of Justice at Philadelphia and Pittsburgh.

During the past several years he has devoted the greater part of his time to the work of the Credit Protection Department of the National

Association of Credit Men, in which he was successful in bringing about a number of important prosecutions. Recently he has been at New York as an attache of the National Association staff.

His appointment relieves E. Paul Phillips of the direct responsibility of the Adjustment Bureaus Department and leaves Mr. Phillips free to devote more attention to his other responsibilities as Eastern Division Manager and Assistant Executive Manager of the Association. At the same time it places in experienced hands the management of this highly important phase of the Association's work.

### "Work!"

**I**N his January Monthly Letter to members of the N. A. C. M., the Executive Manager says: "Money and credit continue under wholesome control. Broker's loans are down to the lowest level since September, 1927. The stock market adjustment is continuing in good order and thus far without causing a really conspicuous failure. We reiterate our statement made last month, that real business is good and is going to be better. And as a slogan for 1930 we suggest the short but potent word used by President Hoover at the conclusion of one of his conference addresses: WORK!"

## Ask Those Who Use It

**T**HE financial statements of many corporations are better this year because last year they had the foresight to provide themselves with Credit Insurance.

## CREDIT INSURANCE LONDON GUARANTEE & ACCIDENT COMPANY LTD.

Head Office: 55 Fifth Avenue, New York City

Oliver J. Matthews, Mgr. Credit Insurance Dept. J. M. Haines, United States Manager

JANUARY, 1930

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## Texas Cattle Industry

(Continued from page 28)

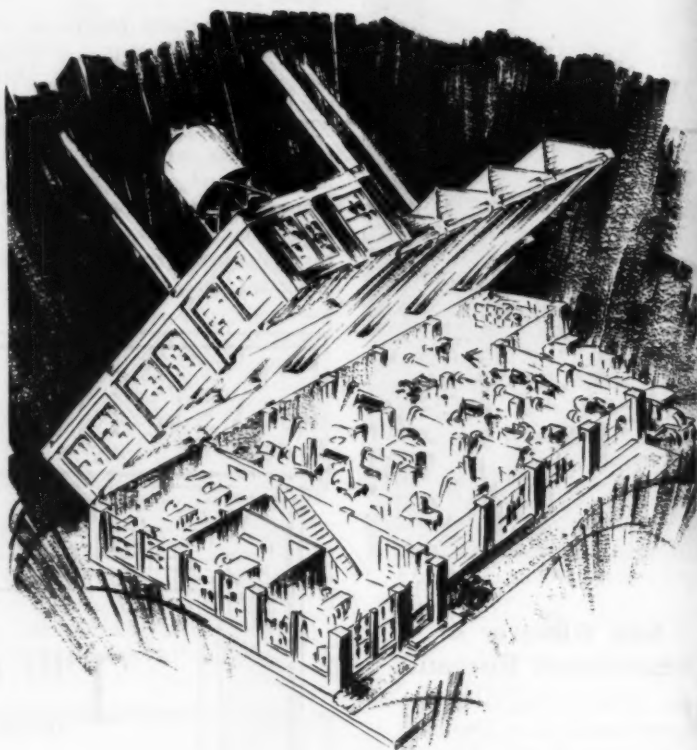
one crop system, but Texas is not waiting until agriculture becomes bankrupt before it changes its program and makes a start towards rebuilding its soil to high production capacity. Livestock is entering into the program because history teaches us that agriculture without livestock is never permanently successful. In some cases it will mean the feeding and finishing of beef cattle. In other sections the dairy cow is becoming a source of increasing farm income, while sheep, goats and hogs are finding their places on many farms and ranches. The dairy industry has probably made the most progress. Within a period of less than five years six milk plants of large capacity have been constructed; eight cheese factories and approximately 50 new creameries have been successfully established. The dairy industry alone brings to the farmers of Texas an annual gross income of more than \$125,000,000.

### Growth of the Industry

The growth of the livestock industry in all its branches is proving the most encouraging factor in the development of the southwest. As interest in livestock on Texas farms develops, the one crop cotton farm will disappear. In its place is coming a system of farming in which foods and feedstuffs will play an important part. Crop rotation will be the rule; the fertility of the soil will be conserved and increased and we will grow more and better cotton per acre, maintaining and improving our position in the production of the world's greatest crop.

The production of dairy products for home consumption and for exportation and the finishing our own baby beeves, steers and mutton for home consumption as well as for sale in neighboring states is the goal of our ranchmen and farmers. The progress already made is having a most beneficial influence on business. In time it should revolutionize the agricultural industry and result in a greater percentage of home ownership, fewer tenants, better farm homes and a higher standard of living and more prosperous cities and towns.

## A Working Picture



If you could tilt back the roof of your customer's establishment, you would get the clear and comprehensive picture you need to judge accurately the physical operating condition of his business.

The Standard Operating Statement will give you a clear and comprehensive working picture of the operating condition of your customer's business.

The Standard Operating Statement points out the direction in which a business is headed, and it provides an important supplement to Financial Statements.

*Send for Samples and Prices*

**NATIONAL ASSOCIATION OF  
CREDIT MEN**

One Park Avenue, New York

**CREDIT MONTHLY**

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C. A. ROGERS, DETROIT

**M**INNEAPOLIS district over the top!

This news, received in a telegram from F. J. Hopkins, chairman of the National Association of Credit Men Credit Protection Campaign in the Northwest, was the most encouraging event of the month at campaign headquarters. Following the report from Minneapolis that the district quota of \$60,000 had been exceeded came advices from St. Paul and Duluth that each of these cities had reached and passed its individual quota.

The comparatively quick success of the drive in the Northwest was all the more gratifying because earlier reports had been tinged with pessimism. Times were none too good in the Northwest; the quotas of various associations were high; there was difficulty in getting committee workers. Just as the campaign was getting under way, the stock market crash came along. No further word was received from Minneapolis for several days. Then, out of a clear sky, came the announcement that the quota had been passed.

The heartening news from Minneapolis gave rise to the hope that other districts which seemed weak at the start would prove to be equally strong at the finish. Up to December 18, eighteen of the twenty-four campaign districts had reported a total of \$850,000 in subscriptions to L. W. Sprague, campaign director. Five other districts, Atlanta, Richmond, Indianapolis, Chattanooga and the six Texas cities which conducted campaigns during December, were yet

## Piling Up The Credit Protection Fund

to be heard from on that date.

A number of local associations of credit men, including those in two of the original key cities, decided in view of local conditions to defer their campaigns until the early part of 1930. It is now apparent that the Second Credit Protection Campaign will not be finished in the eastern and central states for several months to come. The western states are not to undertake a campaign until 1931.

Memphis is now scheduled to conduct its deferred campaign in February, and Dallas is scheduled to follow in March. Several other cities, including Birmingham, Knoxville, Oklahoma City, Charleston, W. Va., South Bend and Evansville, are also planning campaigns during the early months of 1930.

Campaign work was carried on vigorously throughout December in Richmond, Atlanta, Indianapolis, Detroit, Chattanooga, Milwaukee and all of the Texas cities except Dallas. C. R. Haemsch, chairman for Chattanooga, and C. A. Rogers, chairman for Detroit, both hoped to complete their work by the first of the year. W. A. Williams of Richmond, P. M. Millians of Atlanta and D. S. Dodson, chairman of the Texas campaign, were determined to continue into January, if necessary, in order to make a complete canvass of their territory. The campaign in Chicago, which has moved slowly, because of the size of the market to be covered and the difficulty of getting enough committee workers to interview all prospective subscribers, also promises to last through January.

It is now planned to hold a meeting of the National Executive Committee of the Second Credit Protection Fund, in connection with a meeting of the N. A. C. M. Administrative Committee of the Eastern Division, in New York some time in January to consider plans for continuing the campaign.



C. R. HAEMSCH, CHATTANOOGA

Although vigorous efforts in behalf of Credit Protection have been made in a score of the country's principal cities during the last year, those in charge of the campaign are inclined to believe that not more than half the firms which would be interested in seeing Credit Protection continued have yet been approached on the subject.

Even though hundreds of association members have worked loyally, the very magnitude of the task of presenting the story of Credit Protection properly to the entire manufacturing, wholesale and banking community of the United States has made it impossible of completion in the time allowed. An idea of the size of the job can be gathered from the fact that one of the prospect lists—including only firms which had been creditors in cases investigated by the Credit Protection Department of the Association—totaled more than 100,000 names at the beginning of the campaign. This list is being constantly augmented by the names of creditors in new cases, at the rate of several thousand a month.

In city after city where local campaigns have been conducted, drive chairmen have reported that their greatest difficulty was not in convincing business men of the value of Credit Protection, but in securing enough committee workers to present the case adequately to responsible executives of firms on the prospect lists. In the larger centers, such as New York, Philadelphia and Chicago, this shortage of active committee workers

(Continued on page 37)

## The Business Library

Conducted by

**Frank A. Fall, Litt.D.**  
Director of Education and Research  
N. A. C. M.

### This Month's Business Book

(A new Credit Monthly feature)

**BUSINESS REPORTS—INVESTIGATION AND PRESENTATION.** A. G. Saunders and C. R. Anderson. McGraw-Hill Book Co., Inc., N. Y. 1929. 411 pp. \$3.50.

Credit managers and other business executives are now called upon to prepare and present many more reports than were required of them ten or fifteen years ago. One reason for this is the rapid development of statistical methods during recent years. Another, and probably the outstanding reason, is the fact that business has discovered the full importance and usefulness of reports as an indispensable aid to successful business procedure.

The authors of this book, who are respectively associate professor and associate in Business English in the University of Illinois, have wisely drawn on the leading experts and business concerns of the United States for illustrative material. Among the individuals who co-operated were such authorities as J. O. McKinsey, Percival White, P. D. Converse and F. A. Russell. Contributing business organizations included the Curtis Publishing Company, Dennison Manufacturing Company, Metropolitan Life Insurance Company, Pacific Mills, Proctor and Gamble, Rumford Chemical Works, Regal Shoe Company and General Electric Company.

Colloquially stated, the chief problems in connection with business reports are what to report, how to get it, how to put it together and how to present it so that it will surely achieve the end in view. The authors therefore devote the first part of their book to the successive steps of business investigation,—analyzing the problem; making a working plan; gathering, recording, analyzing and interpreting the data. The second part indicates how the data should be presented in order to make sure that the report will be carefully read and that its recommendations will be accepted and made the basis for action.

As defined by Webster, a report is "an official statement of facts." As used in business it records the past, reflects the present or forecasts the future. It records the past when it makes daily, weekly, monthly and yearly reports incident to the conduct of business. It reflects the present when it is a digest of all available data necessary in forming a judgment or in making a decision. And it forecasts the future when, after bringing to light certain data fundamental to a thorough understanding of a subject, it contains inferences and recommendations on the basis of these facts.

The term "report" is sometimes applied to an oral statement of fact, and sometimes to a more carefully

planned written account in letter form. But the term is more often applied to a formal written presentation of the analysis of a business problem, the facts concerning this problem, their significance in solving it, and the actual solution.

The Illini, in setting the stage for their study of report-writing, do well to stress the fact that the purposes of business research and that of business reports are inseparably combined. That of research is to secure basic data which will be an aid to business efficiency. One might suppose, the authors suggest, that executives who had controlled and operated a business for many years would know all that is to be known about it, yet they usually know but a small proportion of the facts. The research worker proves to be "the magician who solves problems with facts rather than with opinions."

One of the shortest chapters, and also one of the most useful, is Chapter XIX on "Mechanical Make-up." In this the authors make discriminating suggestions as to report covers or bindings; varieties of paper; typographical presentation; use of the principles of advertising display; tables of contents, headings, numbering, spacing and paragraphing; references, quotations and citations; diagrams, drawings, illustrations and exhibits. In regard to style the specific recommendation is made that in all matters relating to capitalization, punctuation and spelling, either a style book should be prepared by the company or a standard book such as Woolley should be followed.

In urging the use of concrete and simple language in report-writing, the authors appropriately quote a statement of Lincoln's which may well be kept in mind by all who are required to make oral or written business reports. When asked how he acquired his unusual ability to put things plainly, Lincoln replied: "When a mere child, I used to get irritated when anybody talked to me in a way I could not understand. I can remember going to my little bedroom after hearing the neighbors talk of an evening with my father, and spending no small part of the night walking up and down, and trying to make out what was the exact meaning of their, to me, dark sayings. I could not sleep, though I often tried to, when I got on such a hunt after an idea until I had caught it; and when I thought I had got it, I was not satisfied until I had repeated it over and over, until I had put it in language plain enough, as I thought, for any boy I knew to comprehend. This was a kind of passion with me, and it has stuck by me; for I am never easy now, when I am handling a thought, till I have bounded it north, and bounded it south, and bounded it east, and bounded it west."

### Build Your Own Business Library

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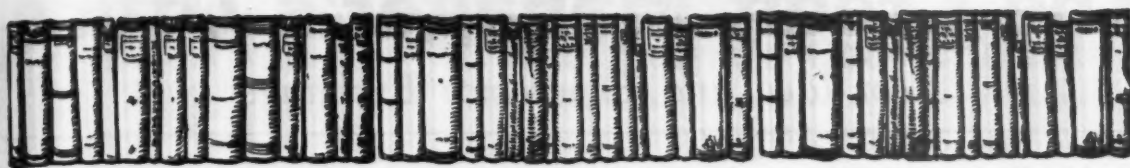
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## The Business Library



# The International Situation — An English View of Instalment Trading

## The International Situation

THIS WORLD OF NATIONS. Pitman B. Potter. The Macmillan Co., N. Y. 1929. 366 pp. \$4.00.

Out of the University of Wisconsin comes this message of cosmopolitanism,—the mental attitude which leads an individual to think of himself as "a citizen of the world" rather than of a single country. This idea, Mr. Potter reminds us, is not new. Centuries ago a Greek philosopher spoke of being a citizen of the world. Another writer (a Roman) declared that nothing human was foreign to him. During the Middle Ages and later, in the Eighteenth Century, people thought and spoke of being at least "good Europeans," rather than Frenchmen, Germans or Poles.

Today cosmopolitanism is, in the author's expression, "not so much a beautiful ideal as a brutal fact." It is a matter of scientific and economic activity, not of theory. People live a world life without intending to do so and even without knowing it. The pen with which Mr. Potter wrote his book was made of rubber from Brazil; the jacket he wore was made of Scotch tweed; the house in which he worked was Spanish in its architecture.

By those who are conscious of their cosmopolitanism this book will be heartily welcomed because of its power to sharpen impressions that have been none too clear, no matter how much the reader may have read or traveled. For those who are not conscious of it, "This World of Nations" will be a revelation.

The presentation is vivid, and most readable. The author writes first of the peoples of the earth and their varying social conditions. He then moves on to such problems as international law, consular and diplomatic service and treaty negotiation, American foreign service and foreign policy, international arbitration, conferences and administrative bureaus. In the conclusion he deals with the great problem of war and peace, and efforts made for the creation of an international federation, including both the Pan-American Union and the League of Nations.

As for the individual and his possible

influence on international affairs, Mr. Potter admits that appealing to public officials is generally regarded by the public as futile. However, the official has good reasons for giving heed to such communications. He holds his office and must retain it by popular election. His party at least must have such support. The individual making the appeal is presumably well-informed, interested and outspoken, and official representatives, whether at home or abroad, are likely to give due weight to communications from such constituents.

Informal or unofficial participation, Mr. Potter suggests, is easy, and broad in its scope. Beyond the now almost universal participation in "world living," which has its own effect, we have our various private associations and their activities. An individual may join Rotary, Kiwanis or a Chamber of Commerce, and share in the discussion and adoption of resolutions which are likely to influence governmental action on peace, war or international trade. He may write letters to newspapers or articles for magazines, or make speeches, and thus help to mold public opinion on international questions.

Finally, the individual should cease to regard international affairs as something strange and sinister. He should abandon emotional prejudices and get down to the practical problem of helping to organize and conduct international affairs for the maximum satisfaction of human needs. That, Mr. Potter concludes, is exactly what is in process today.

## An English View of Instalment Trading

THE ECONOMICS OF INSTALMENT TRADING AND HIRE-PURCHASE. W. F. Crick. Isaac Pitman & Sons, Ltd., London. 1929. 126 pp. \$1.50.

The publication of so small a book on so large a subject is explained by the author on the ground that he is too busy to write a long treatise and the reader is presumably too busy to read one.

Mr. Crick's outstanding contribution to the literature of the subject is the picture he presents of instalment selling as a world-wide development. In China, for example, looms costing about \$20 each are sold to cottage workers on the deferred

payment plan, and in certain parts of Australia it is actually possible to pay for a barber's services in instalments.

In Norway, under a law passed in 1916, licenses must be obtained from the police by all sellers on instalments of articles below a certain prescribed value. In Switzerland many instalment finance companies have sprung up, one of the best known of these having for its special object the encouragement of exports of Swiss products, particularly to Germany. In Italy, a finance company to promote sales of motors was recently established by the Italian Automobile Club.

Perhaps the most interesting developments in all Europe have taken place in Germany. Instalment business has developed so rapidly there that more than 75 per cent of all the furniture and automobiles are sold on deferred payment terms. Agricultural machinery is also an important item on the list. One company, rejoicing in the typically German name of "Finanzierungsgesellschaft für Landkraftmaschinen" receives a considerable measure of direct and indirect official support. The Reich government has even gone so far as to take on itself part of the insurance of this company against bad debts.

In Germany, also, there has sprung up an interesting off-shoot from the ordinary form of instalment business. This is known as "consumption financing" and has met with much organized opposition. Under this plan the prospective buyer obtains from a finance company a "credit check" on a down payment of 15 to 25 per cent of the value of the check, plus interest, undertaking to pay the balance over a period which is generally five months. The "check" entitles the buyer to buy from a designated store, or from one of a number, anything but food, up to the full amount of the check. The store collects from the finance company in cash the amount of the check.

While this is clearly instalment business, Mr. Crick points out certain important features in which it differs from the orthodox system. The prospective buyer is not tied down to the purchase of a particular article; the seller's risk lasts only for a short period; and the system

(Continued on page 37)



# The Credit Manager's Office

## An Idea and Experience Exchange

### Machine Equipment in the Credit Department

**Newark.**—Practically all of our accounting and statistical records are machine controlled. When an order comes in, the Credit Department looks up data about the customer and approves or rejects the order. The approved order, with credit data attached, and marked to indicate whether or not shipment can be made from stock, or must be deferred until the merchandise has been turned out, goes next to the billing machine operator.

When shipments can be made from stock, they are pre-billed on an 11-part form, each one having its particular use. When shipment cannot be made from stock, an order is entered on a 6-part form, similar to the invoice form, from which the invoice is made at the time stock is ready for shipment.

The value of incoming orders is controlled by adding registers on the billing machines, which form the basis for determining the aggregate amount of open unfilled orders on our books.

After the invoices have been prepared and shipment has gone forward, these invoices move to the Accounting Dept., where a control value is determined covering the day's shipments. The invoices are then separated into groups for posting in the various ledgers. The postings to the Accounts Receivable ledger are verified from the registers on the bookkeeping machines. In as much as a daily balance of postings is struck, a perfect trial balance is assured at the end of the month. Our chief bookkeeping machine operator has had, for three years, perfect trial balances at the end of the month, insofar as actual posting and ledger balances is concerned. Trial balance errors have occurred, which were the result of not properly checking off the trial balance on the adding machine. These, however, have been negligible and have caused very little delay in taking off the trial balance at the end of the month.

Our Cash Receipts from customers are controlled in the same manner as customer's invoices on a book-keeping machine.

Sales statistics are obtained by punching a special card from the customer's invoices, giving all the information desired, the model number, quantity shipped, value, classification group of product, etc., which is controlled by the total of our sales register. This is further broken down into territory and agents, in order to prepare information for the Sales Department to better control the various territorial activities.

E. R. MELLEN,  
Weston Electrical Instrument Corp.

### "Customer's Convenience Check"

**Forth Worth.**—We have found the following form, which we call "Customer's Convenience Check" very useful, especially in collection work. The wording of the body of the check is similar to others in use, but the designation, "Customer's Convenience Check" has been devised for the beneficial effect it may possibly have on the drawer to whom the

cuse, "I haven't my check book handy" or "I haven't any cash with me" given to our collector when he calls on delinquent accounts, or at agencies by customers who try to obtain unauthorized credit;

3—To obtain collection of delinquent accounts through the mails. The following note is written on the past-due statement, "Kindly remit, using the enclosed 'Customer's Convenience Check' if you prefer."

R. SEIBEL,  
Texas Pacific Coal & Oil Co.

### Improvements in Monthly Statements

**Grand Rapids.**—I should like to suggest some ways in which the issuing of monthly statements could be made more efficient. We receive several hundred of these on the first of every month and owing to the manner in which we handle our invoices, it seems to me that a large part of the work in sending out these statements by our numerous sources of supply is utterly wasted.

The writer does not know just how the average manufacturing establishment handles its raw material ac-

CUSTOMER'S CONVENIENCE CHECK	Issued at.....	
	City or town.....	
	No.....	On ..... 19....
	Pay to the order of TEXAS PACIFIC COAL AND OIL COMPANY \$.....	
	..... Dollars	
	I have the above amount to my credit with the Drawee and have authority to make this draft. Through this representation I have obtained above amount from the Payee of this draft.	
	Value received and charge the same to the account of	
	To .....	Bank    Signature .....
	.....	Address .....
	City or town.....	Telephone Number .....

Actual size, 3½ x 8¾ inches.

statement in the body of the check might otherwise be distasteful.

The check form is used principally for three purposes:

1—For use at our various agencies when blank checks are called for by our customers;

2—To meet the very frequent ex-

counts, but we do not enter the invoices on our books until the material has been received and the invoices passed for payment. Then they are entered on the books and paid. In the writers' opinion statements should be sent out only for items that are past due, just as we do

**CREDIT MONTHLY**

## Bogus Checks

The Sanitube Co., Newport, R. I., reports that a party unknown has been cashing at hotels in West Virginia bogus checks purporting to be drawn by the company.

on our accounts receivable.

Also, statements should be held until the 5th or the 10th of the month. A large number of concerns pay their bills at the end of the month and undoubtedly pay a number of items included in the statement that goes out on the first of the month. If the sources of supply would hold the statements 5 or 10 days, they would find that a number of the items had been paid on the first of the month.

Then, the variety of statements we get is almost beyond number. Hardly any two concerns seem to use the same system, and frequently invoices are listed that have been received but a day or two prior to the end of the month. The invoice is hardly in our hands, before statement is received to cover; the invoice will be dated March 26 and the statement mailed April 1. This seems absurd, unless possibly the majority of establishments, unlike our own, enter the invoices immediately upon receipt.

We have noticed, too, that a number of companies send out statements showing items that have been paid. A statement will show an old balance of November 30 and a credit on December 3. What is the sense of showing this old debit that has been paid, along with a current item?

We get a number of statements showing balances owing at the end of the previous month. We maintain that statements should be itemized, showing dates of the unpaid invoices, so that the customer can immediately tell whether the items are past due. Quite a bit of material is bought on 60 days time and in this case, it is not past due until the 60 days have past. Therefore, these lump balances mean nothing unless they are itemized.

B. VAN RY

Grand Rapids Store Equipment Corp.

Readers are invited to send in their successful ideas and methods for this page. Full information about any appliance mentioned may be had by writing to the CREDIT MONTHLY.

## One Month's Convictions

Credit Protection Department of the National Association of Credit Men

OCTOBER, 1929

CASE	INDIVIDUAL	CHARGE	SENTENCE
Samuel Hirsch, New York City.	Samuel Hirsch Louis Goodovitch Jacob Fierman	Using mails to defraud	1 year and 1 day 5 years probation 5 years probation
Frank & Berse, New York City. (Coats)	Harry J. Berse	Concealment of assets	45 days
Goldstein Bros., Brooklyn, N. Y. (Plumbers & steam- fitters supplies)	Nathan Goldstein Morris Goldstein	Concealment of assets	2 years 1 year and 1 day
Jacob Strauss, Stamford, Conn. (Clo. store)	Jacob Strauss	Concealment of assets	18 months
Jacob Shopnick, t. a. The Boston Store, Trenton, N. J.	Abraham Goldberg Frank Goldberg Morris Chauls Harry Cohen	Conspiracy to use mails in scheme to defraud	Sentence deferred
P. Baird & Company, Philadelphia, Pa. (Mfr. dresses)	Philip Baird	Concealment and perjury	6 months
Austin E. Gibson, Washington, D. C. (Plumbing supplies)	Burton H. Foster	Concealment	2 years probation
Grifton Feed & Grocery Co., Grifton, N. C. (Feed & groceries)	Raymond Faris	Use of mails to defraud	Suspended sentence
E. Bellamah, t.dg. as Lewiston Supply Mer- cantile Company, Lewiston, N. C. (General mdse.)	Edm. J. Bellamah	Use of mails to defraud	Fined \$500
Fotis Liakos, t.dg. as Commonwealth Fruit Co., Boston, Mass. (Fruits)	Fotis Liakos	Concealment	6 months
Samuel Seskin, Boston, Mass.	Samuel Seskin	Concealment	1 year probation
Joseph K. Smaha, Methuen, Mass. (Provisions)	Joseph K. Smaha	Concealment	1 year probation
Consumers' Supply Co., Minneapolis, Minn. (Groceries)	Fred E. Anderson Joe Sharf Harry W. Reed N. M. Constans	Vio. Postal Laws Vio. Postal Laws Vio. Postal Laws Vio. Postal Laws	Deferred Deferred Deferred Deferred
Toombs & Daily Corp., Chicago, Ill. (Brokers)	Toombs & Daily Corporation	Vio. Postal Laws	Fined \$100.00
James J. Tucker, Rochester, Texas. (Dry goods)	J. J. Tucker	Concealment of Assets	2 years Leavenworth Penitentiary
Emil Moroni, et. al., Johnson City, Ill. (Furniture and gro.)	Joe Moroni Josh Moroni	Concealment of Assets Concealment of Assets	Deferred Deferred
Automatic Inn Co., Dallas, Texas.	Mose F. Spillers	Vio. Postal Laws	3 years Leavenworth Penitentiary
Harry Rachmil, Seattle, Wash. (Furniture)	Harry Rachmil	Concealment of Assets	2 years McNeil Island Penitentiary
Del Re Bros., Inc., Cut Bank, Mont. (Confection'y & gro.)	Peter Del Re Del Re Bros., Inc.	Conspiracy to conceal assets Conspiracy to conceal assets	4 months County Jail, Great Falls, Montana \$500.00 fine \$1,500 fine Note—Indictment as to Nick Del Re, Agnes Del Re and Romano Narducci dismissed.
Hubert T. Frye, San Francisco. (Laborer)	Hubert T. Frye	Forgery	Deferred

Total of 824 Convictions from June 1, 1925, to Oct. 31, 1929.

JANUARY, 1930

# Court Decisions and Washington Notes

## Bankruptcy

### EXPENSES OF ASSIGNEE. RIGHT TO RETAIN.

On January 4, 1928, C. D. Freeman executed to the appellee, Vernor Hall, an instrument purporting to be a general assignment for the benefit of the former's creditors. On January 11, 1928, C. D. Freeman was adjudged a bankrupt under an involuntary petition filed on January 10, 1928, and a trustee of the bankrupt's estate was appointed. Thereafter the trustee filed in the bankruptcy proceeding an application which alleged that prior to the filing of the petition in bankruptcy, appellee acted as assignee of the bankrupt, that \$511.40 belonging to the bankrupt's estate came into his possession as such assignee, and that appellee has failed and refused to comply with a request of the trustee that said amount of money be paid to the trustee. Appellee tendered to the trustee \$304.99. He claimed the right to apply the balance of that sum to items of expense, incurred by him as assignee prior to the filing of the bankruptcy petition, and to his compensation for his services as assignee prior to the institution of the bankruptcy proceeding. Held that controlling decisions support the conclusions that the above mentioned claim of the appellee that he was entitled to retain the amount of the bankrupt's money expended by him as assignee and the amount retained to cover compensation for his services rendered as assignee prior to the institution of the bankruptcy proceeding was adverse, and that the court was without jurisdiction to dispose of that claim summarily in the bankruptcy proceeding over appellee's objection. *Dorough vs. Hall*. U.S.C.C.A. 5th Cir. Decided November 21, 1929.

\* \* \*

### APPOINTMENT OF TRUSTEE.

Certificate to review an order of the referee appointing a trustee on failure of the creditors to make a choice. Held that the right of creditors to appoint a trustee is a substantial one, and while prompt action is essential, the proceeding should not be so summary as to exclude the creditors from a reasonable opportunity to make their choice. In the instant case, the name of Noah Harris, who was suggested for trustee, was practically withdrawn from consideration of the creditors by the action of the referee. This was wrong. *Matter of Harris Construction Co.* U. S. Dist. Ct. West Dist. of Penn. Decided November 6, 1929.

\* \* \*

### RENT CLAIMS. PRIORITY OVER COSTS OF ADMINISTRATION.

Petition of Nolan, claiming error on the part of the referee in bankruptcy in refusing to give his rent-claim preference in payment over the costs of administration. The claimant cites the Pennsylvania Act as giving priority to rent-claims in Pennsylvania in Bankruptcy proceedings out of the proceeds of the sale of goods liable to distress for rent. Held that this does not help the claimant here, for the order of payment fixed by the federal statute must be followed. No state can by statute change the relative order of payment of claims and costs of administration, as fixed

under the general law. The referee has correctly refused to allow this rent-claim priority over the costs of administration. *Matter of Hill*. U. S. Dist. Court, Western District of Penn. Decided November 2, 1929.

\* \* \*

### MORTGAGE FOR ANTECEDENT DEBT.

Held that a trustee in bankruptcy may institute suit to avoid illegal transactions as well as any creditor might. A mortgage given for antecedent debts is not "for value" under the bankruptcy act. A voluntary conveyance made by one indebted, carries an irrebuttable presumption of fraud. *Unger vs. Mayer*. Ct. of Chancery, N. J. Decided October 16, 1929.

\* \* \*

## Checks

### CHECKS. PAYMENT. ACCEPTANCE.

While a bank is not ordinarily liable to the payee of a check, held that it may become liable to him upon its acceptance or certification of the check, and where the bank has paid the check otherwise than to the payee or some person authorized by them to receive payment and has charged the amount to the drawer, the bank has accepted the check and the payee may hold it liable thereon. In this case the drawer having authorized payment as if made to bearer is estopped from holding the bank liable, and had agreed to save the bank harmless in the action. Where a check is payable to two or more persons as payees, or to their order, the amount of the check must be paid to both payees or upon the order of both, and payment to one of the payees or to the order of one without the authority of the other, does not discharge the bank of its liability unless the payees are partners. *Dawson & Ano. vs. National Bank of Greenville N. C. et al.* Supreme Ct. North Carolina. Decided October 9, 1929.

\* \* \*

## Infant's Contracts

### INFANT'S CONTRACTS. DISAFFIRMANCE. LIABILITY.

Held that where in a contract for the purchase of an automobile an infant is allowed a certain sum for a truck traded in by him, upon disaffirmance of the contract by the infant during his minority and his suit, brought by his next friend, to recover the consideration paid by him, the contract is binding upon neither party thereto and he is entitled to recover such sums as he has paid on the purchase price and the reasonable market value of the truck at the time of the trade, and if the truck is returned to him, the market value at the time of the trade, should be fixed by assessing a reasonable amount for depreciation and use, if any, while in the possession of the defendant, and an instruction that fixes the value of the truck at the amount allowed therefor in the contract is reversible error. Where an infant disaffirms his contract for the purchase of personal property during his minority he is not required by law to account for its

use while in his possession or for its loss if squandered or destroyed by him before avoidance of the contract, but he is accountable for its tortious use or destruction after such avoidance and before its surrender. *Collins et al. vs. Norfleet-Baggs, Inc.* Supreme Ct. N. C. Decided November 6, 1929.

## WASHINGTON NOTES

These notes are supplied by George C. Shinn, attorney-at-law, Wilkins Building, Washington, D. C.

## Liability Decision

*Husband's Liability Decision.* The District Court of Appeals recently handed down a decision, holding that where a husband furnishes his wife with ample means with which to pay cash for articles of clothing and other necessities, she cannot make purchases of the same on credit, so as to bind the husband. The case arose between George Huddleston, a Representative in Congress of Alabama, against a local furrier, Saks Fur Company.

Mrs. Huddleston purchased a fur coat and a fox scarf, totalling \$253.00, from the furrier, and had the same charged to the husband. When Mr. Huddleston learned of the transaction, he repudiated it and refused to pay; whereupon, suit was filed by the merchant against Representative Huddleston, with the result above mentioned.

The Court, in its opinion, said: "We are of the view that the rule to be deduced from the authorities we have reviewed is just and salutary. Its tendency will be to check extravagance (one of the most pronounced of modern evils), and at the same time protect thousands, who, in good faith, have made such provisions for their wives as their means and station in life warranted, from debts thoughtlessly and needlessly contracted and often beyond the capacity of the husband to pay. Moreover, it does not require the discernment of a Solomon to appreciate that the unauthorized purchase of goods by a wife, whose husband has adequately provided for her, inevitably will have a tendency to disturb and possibly disrupt their conjugal relations."

The case, of course, did not involve the legal principle that a husband may constitute his wife his agent, expressly or impliedly, for the purchase of household goods, clothing and necessities.

\* \* \*

## Trade and Trade Promotion

"Domestic Commerce", issued monthly by the United States Department of Commerce, gives several items of information which are of interest to the business world of the Nation. The Electrical Division of the Department has worked out the average volume of radio business per dealer, reported for the last four quarters. The District of Columbia led the average sales throughout the year. The highest average sales per dealer, in the second quarter of 1929, in the District of Columbia, was \$7,540, with Illinois ranking second with \$4,620, Rhode Island \$4,550, New Jersey \$4,460, and California \$4,200.

CREDIT MONTHLY



## Credit Protection Fund

(Continued from page 31)

has been relatively more acute than in the smaller cities, because of the thousands of prospects to be covered. In each of these cities, the campaign has proved to be a matter not of weeks, but of months. Subscriptions continue to come in as the determined band of committee workers are able to take the time from their own affairs to follow up prospects. None of these cities is ready to admit that its campaign is finished.

It has not been possible to reach a number of the smaller cities from the key cities in which the local campaigns were centered. Some of these so-called secondary cities are headquarters for manufacturing concerns of national importance, many of which have been creditors in cases investigated.

To a large extent, therefore, the national campaign remains uncompleted, even though local campaigns have been conducted or are now under way in twenty-two of the twenty-four campaign districts of the eastern and central states.

## The Business Library

(Continued from page 33)

applies to commodities not usually considered suitable as subjects of instalment business. This plan is progressing slowly, as it is opposed by chambers of commerce, housewives' unions and trade associations.

In his general treatment of the problem, Mr. Crick acknowledges his indebtedness to Professor E. R. A. Seligman, whose two-volume work, "The Economics of Instalment Selling," is the most thorough-going treatise yet produced. In regard to Great Britain, the author concludes that a tremendous amount of labor would be required to justify any definite statement as to the true cost of instalment credit as a whole.

He believes, however, that the cash buyers often share to a certain extent with the instalment buyers the cost of the facilities granted to the purchaser on deferred terms. This, he says, means that it may often literally pay to buy on instalments rather than for cash, for if the difference in cost be non-existent or small it is, or may be, far outweighed by the interest earned on the money which the instalment buyer could have paid down had he chosen to buy for cash. This fact, in Mr. Crick's opinion, provides a more or less accidental incitement to buy on instalments, and tends to a spurious development of the use of the system.

# Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

## As To Legal Advice

**THE** National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the *Credit Monthly*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved.

## Guaranty

**Q.** What is the legal effect of a guaranty by the terms of which the guarantor guarantees "the payment at maturity of the purchase price of all goods sold or delivered up to the limit of \$\_\_\_\_\_."

The specific question is as to whether if goods are sold in excess of the limit of guaranty, the guarantor can be held liable to the extent of the guaranty, nevertheless. For example: The limit stated in the guaranty is \$2,000. Credit is extended to \$4,000. The vendee pays \$3,000, and fails. Can the guarantor be held liable for the balance of \$1,000?

A. A limitation such as that expressed in the guaranty now under consideration has been held to be not a restriction upon the advances that may be made or extended to the credit of the member and the fact that advances are made and credit is extended "such limit does not affect the guarantor's liability as to that part which is within the limit".

Under the facts above stated, the guarantor could be held liable for the balance of \$1,000.

## Bankruptcy

**Q.** Does a judgment docketed more than four months prior to the filing of a petition in bankruptcy constitute a preferred claim in bankruptcy?

A. The docketing of a judgment creates a lien against real estate, but if there is no real estate, the judgment does not become a lien unless a levy is made by the sheriff pursuant to an execution.

If no levy is made by the sheriff, there is no lien.

The Bankruptcy Law recognizes the validity of judgment liens provided the same were not obtained within four months. The test in each case as to priority is whether or not a judgment constitutes a lien obtained more than four months before bankruptcy.

## Consignments

**Q.** Where goods are sold on a three-months' dating, can the same be considered on consignment up to the time of maturity?

A. The dating has nothing to do with the title to the merchandise, but merely determines the time when the price is payable. In accordance with the universal rule, unless otherwise agreed, title to the merchandise passes to the buyer upon delivery.

## Conditional Sales

**Q.** What steps should be taken to protect the owner of property sold under a conditional sale contract, where a petition in bankruptcy was filed.

A. If the conditional sale contract was filed in accordance with the statute of the state, the proper procedure is to have an attorney prepare and file a petition in reclamation in the United States District Court, in the state where the bankruptcy proceedings are pending, for the recovery of the property. If the conditional sale contract was not filed title to the property would pass to the trustee in bankruptcy, and it could not be reclaimed.

## Trade Acceptances

**Q.** What is the legal effect of the following clause printed on the face of a trade acceptance:

"The paying bank is hereby authorized and instructed to charge this trade acceptance to my account at maturity date with or without notice."

A. This is merely a direction to the bank named in the trade acceptance to charge the acceptance to the acceptor's account at maturity with or without notice and would have no effect either on the negotiability of the document or its eligibility for rediscount.

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as of December 15, 1929

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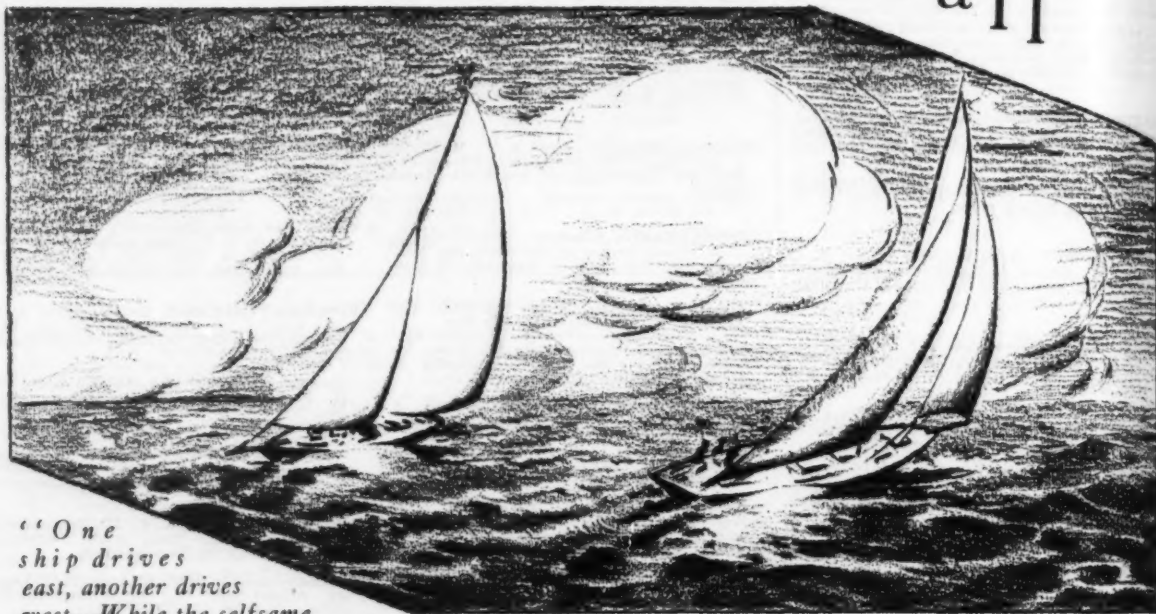
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# Set Your Sail

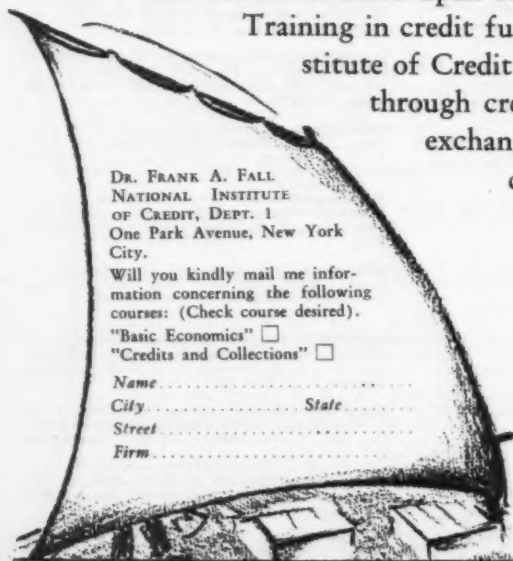


"One ship drives east, another drives west—While the selfsame breezes blow—'Tis the set of the sail and not the gale that bids them where to go."

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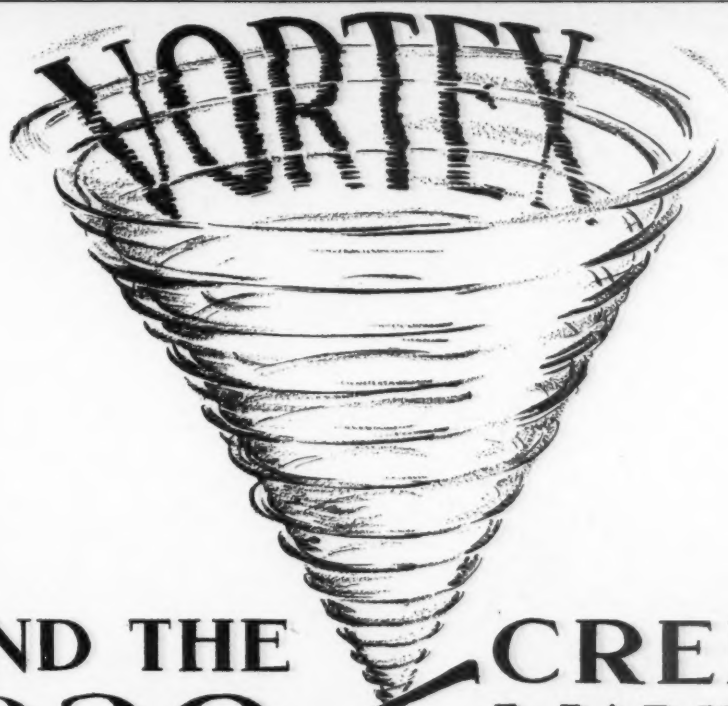
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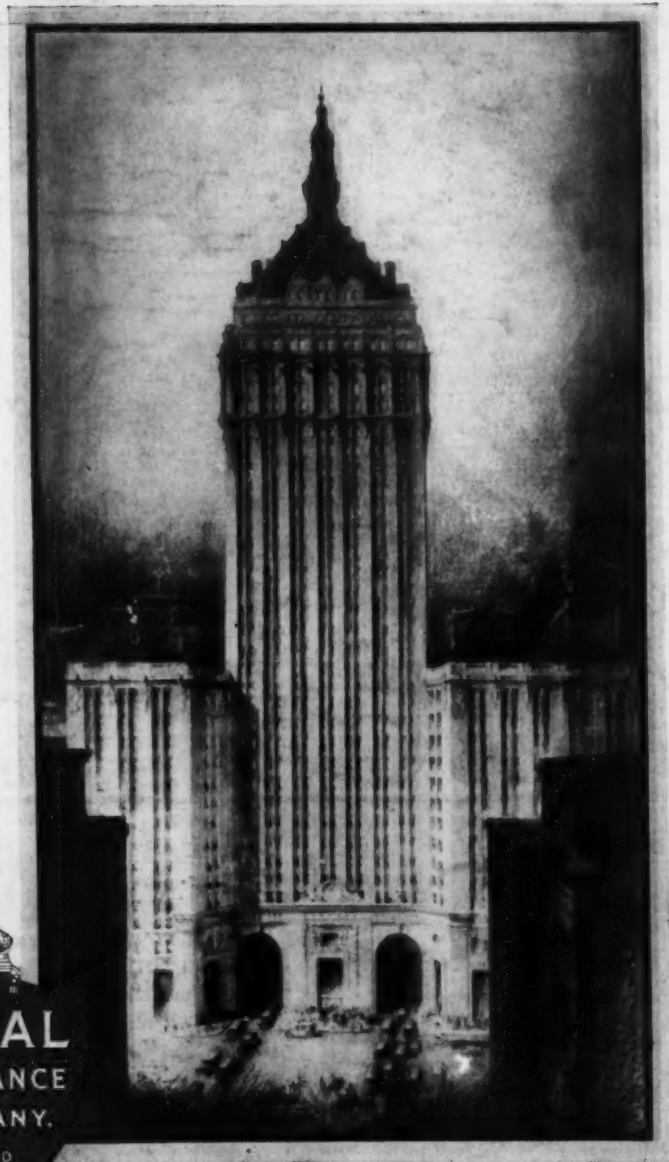
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it into a depression  
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a vortex of credit losses  
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